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IS PROTECTION A BENEFIT?

A Plea for the Negative

BY

EDWARD TAYLOR

Industry makes to Legislation the modest request of Diogenes to Alexander:
"Stand out of my sunshine." — *Benham*



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Prof. F. W. Taussig

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P R E F A C E.

NO one who has been observant enough to note the trend of public sentiment in this country can fail to see that the tariff question is coming to the front. For more than twenty years our national politics have looked toward the past, and not toward the future. It would be difficult to name a prominent question upon which the parties, as parties, have made a direct issue. The pretended issues grew out of or survived the Rebellion; the real contest arose from the earnest desire of the parties out of power to get in, and the equally strong desire of the party in power to stay in,—“the one striving to rout the outs, and the others to oust the ins.”

But the country may now indulge in the belief that the issues of war-time are no longer dominant, but have passed into history. We have fallen upon better years, when in our campaigns arguments upon economic, political, and moral questions are likely to take the place of the old-time appeals to local prejudices and sectional animosities.

In this betterment of our political affairs the question of the tariff is to be prominent. It has been a lively question in our past history, and it is likely to remain with us as an issue for yet many a year. It is a question upon which every citizen, and especially every voter, should have an intelligent and emphatic opinion. The difficulties should not appall, since they are far more imaginary than real. At the close of a day of discussion on the appointment of the Tariff Commission, a member of Congress petulantly remarked, "I don't understand the tariff question, and I shall not try to understand it." This hopeless avowal of ignorance is unworthy even a private voter, and it ought to be sufficient to lay the professed statesman upon the political shelf so high that no campaign step-ladder will ever reach him again.

It should be kept in view that the present issue is not between direct and indirect taxation. Such a question may arise in the future. Absolute free trade is not now contended for by any considerable number of our people. The living contest lies between revenue-tariff advocates and free-traders — as they are interchangeably termed in the rather loose speech of the times — on the one side, and the advocates of a protective tariff as an ultimate fiscal policy on the other side. The argument here presented is confined to this purpose and scope.

While yet a young man in college I was much impressed with the beauty and harmony of economic laws as they were reflected from the pages of

our text-book, written by an honored American, Professor John Bascom, late President of the University of Wisconsin. A somewhat careful inquiry during the succeeding years into the subject of national revenues and the effect of commercial legislation has brought the mature conviction that "protection" is the most pronounced misnomer of the age. This volume springs from a desire that others should perceive and hold this now vital truth. I have written for the average citizen who cares to reflect upon a public question which has always been important, and apparently is soon to be supreme in our politics.

I have written as a student of economic science, not as a political partisan. All will agree that the question of industrial freedom, like civil freedom, ought to be superior to the contests of parties. The divergence of opinion relates solely to methods. On the issue of protection, which in recent politics has been but dimly outlined, the parties have no coherency, free-traders among Republicans and protectionists among Democrats being numbered by thousands. The crystallization of public opinion into coherent parties upon the question will come as a result of broader knowledge and a better realization of the interests involved.

Many of the thoughts and arguments here presented are original in form and substance, but many of them also are the ideas of others recast to suit the present purpose. Economic principles are of slow growth. Like the laws of physics and the great inventions in mechanics, they have become

known only from the labors of many men and many years. All men build upon the foundations laid by their predecessors. That would be a very barren and profitless book which should ignore our one hundred years of tariff history, and the ideas evolved by that wrestle of policies.

Free-traders in this contest, like Martin Luther in his, have nailed their theses to the door; and until sound argument and the experience of the nation shall throw upon their principles at least a reasonable doubt, they propose to avow, advocate, and defend them. But no one may appear as "Sir Oracle." Modesty is a graceful attitude in every one who would approach this question in discussion. Much has been well said on both sides, and the advocate of free trade has something to beat more substantial than the air. Neither body of pleaders can with any gracefulness claim, even in thought, to be the embodiment of all that is true; nor can free-traders make to protectionists, any more than protectionists can make to free-traders, the ironical suggestion of Job to his comforters, "No doubt but ye are the people, and wisdom shall die with you."

I can not speak for protectionists; but it has been my constant aim to give an impartial, though necessarily a brief, statement of their opinions. The advocates of the restrictive policy are mostly honest men, who sincerely desire the highest material prosperity of our country. That they are mistaken, I believe and have tried to show. Their writers have given ample expression to their views. They will not

find them distorted, I hope, after passing through a free-trade medium. Unfairness would be even more fatal to my purpose than sophistry.

"On all great questions much remains to be said;" and no one can hope to settle for others a question like this. He will do enough if he can excite thought, provoke inquiry, and stimulate discussion, knowing that conviction comes to the best minds rather from their own activity than from a passive reception of other men's opinions.

No puzzling question of economic or moral reform can ever be finally settled or cease to be an issue until it is adjusted as it ought to be adjusted. Truth is inherently strong, and it has within itself the germ of ultimate victory. There is much fact, as well as much exaggeration, in the epigram, "Truth survives a cyclone, but error dies from a pin-scratch." The great American heart always beats right, and the national good is always, in the end, the net product of public agitation. Newton's apple did not more naturally and certainly fall to the earth than does the public conscience approve of that which is equitable and just, and condemn that which is partial and oppressive.

It is not strange to me, therefore, that those who believe in untrammelled commerce and industry are a mighty host, and that men are perceiving that free speech, a free press, free schools, a free ballot, and a free church are no more the legitimate out-comes of popular government than free trade. I have the greatest confidence that investigation and thought, with a fuller knowledge, will lead our

people to a large degree of unity in the sentiment that all legislative interference with economic laws and with legitimate trade is either inoperative or else harmful to the aggregate prosperity of our country

E. T.

APRIL 21, 1888.





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IS PROTECTION A BENEFIT?



CHAPTER I.

INTRODUCTORY. — THE PROBLEM.

IN all ages anarchy has been a dreaded thing. Government is necessary to the existence of society, of business, of order,—of civilization itself. Whatever may be the theory of monarchies, it is certain that in the United States government is instituted for the common benefit of the people. That “governments derive their just powers from the consent of the governed,” is a fundamental truth which has become axiomatic with all Americans.

Good government can not exist without money; and since all share in the benefits of order, all should contribute to its support. Taxation in itself is an evil, and it can not be defended unless it shall bring compensating benefits.

Taxes are of two general kinds,—direct, and indirect. Direct taxes are levied upon the real and personal property of individuals in the ratio of their possessions, the rich paying much, the middle class less, and the poor little or

nothing. This form of taxation is the kind adopted in our state, county, and municipal governments. In fact, the General Government, by monopolizing indirect taxation, has taken away all option from the States, shutting them up to the direct form. It is a little remarkable that though this form of taxation is mentioned and allowed in the Constitution, it has never been practised to much extent by our General Government. Our system of internal revenue is, in essence, indirect taxation. Except the levy on incomes, which has been legalized but rarely, and for specific purposes, the national treasury has scarcely received a dollar of direct tax.

An indirect tax is levied upon property with the expectation that the owner will pay it provisionally, but that he will indemnify himself on the sale of the taxed goods by the higher price which he shall receive. The final consumer, therefore, bears the burden. All taxes upon goods imported, called "duties," or "customs," are of this character. Our Government derives the major part of its revenue from this source. An indirect tax on goods made in this country is called an "excise."

The comparative merits of direct and indirect taxation constitute a great and very fruitful question in itself. Much can be said most pertinently on both sides. But it is not now, nor has it ever been, before the American people. It is a question reserved for the future. So far as can now be seen, it is a settled policy of the National Government to derive its revenues from indirect taxation, as it is for the State Governments to derive theirs from direct taxation. There are weighty reasons why direct is preferable to indirect taxation as a means of raising national revenue. There are also good reasons against it. But since it has never been an issue, it is an evident evasion of the question to imply — as protectionists often do — that free-traders would

abolish all taxes on imports, and provide for the government expenses by direct taxation. Not a voter now living in the United States has been called upon to take sides upon the question. It is a purely theoretical matter, which American politics has not touched. With this, the subject may be dismissed, as not relevant to the present discussion.

A tariff is a schedule of taxes on imports. Its objects are two in number, and hence it is of two kinds: 1. A revenue tariff has for its object to obtain the money necessary to carry on the Government. This is a good object, and hence the rightfulness of a revenue tariff has been rarely disputed. 2. A protective tariff is adjusted chiefly for the purpose of hindering the importation of goods from foreign countries, so as to induce men to make them here. When foreign competition is thus held in check, home production will be correspondingly increased. It is assumed that this will be the effect, especially if the entire amount of the tax, or a considerable part of it, be added to the price of the home products.

A revenue tariff is constructed for the purpose of securing the largest revenue with the least cost to the people, and with no design of reducing importation; though to some extent it may have that effect, and to that extent it will exclude competition. On the other hand, a protective tariff seeks primarily to check or prevent importation, in order to favor the home producer. It therefore sacrifices revenue in order to secure protection. The revenue system seeks first to fill the national treasury; the protective system seeks first to reduce foreign competition. These systems are therefore nearly exact opposites of each other, though they are in harmony in some of their effects. They both create revenue. They both may restrict foreign competition, though neither does so of necessity. But in the former, revenue is the essence, and protection the inci-

dent : in the latter, protection is the essence, and revenue the incident. Protection secures revenue only because it fails, and in the exact ratio in which it fails, to realize its primary purpose of checking imports. On the other hand, revenue taxation secures protection only when it fails to realize its chief object of placing money in the treasury. If a man buys an American-made blanket, the Government gets no revenue, but the home producer of blankets finds a market. If a man buys an English-made blanket, he pays the Government the amount of the import tax, but he takes a sale from the home manufacturer.

Another difference of the two systems is this : Protection declares that the duties should lie chiefly on such articles the like of which are produced in this country. To place taxes on those not produced here, would be wholly without results in giving assistance to domestic industries. Protection cares nothing for such articles as tea, coffee, and spices. On the other hand, revenue tariff is laid wholly or mainly on such articles as are produced abroad, but not also at home, since by thus placing duties, all the enhancement of price caused by the tariff goes into the treasury of the nation, and not into private pockets. But none of our revenue tariffs have been confined in their range to a tax on commodities imported, but not produced at home. Hence there is an incidental protection. This is sometimes prevented by an excise, or internal tax, on such manufactures, which, in theory, should be just equal to the amount of the artificial increase in price, the object being so to equalize the taxes that no one industry shall have more favor than another.

A further point of difference is this : Protection requires that the duties should be on a large number of articles, — first, for the logical reason that if the principle is correct, it should be made as general as possible, and apply to every industry ; and secondly, for the unwarranted

reason that the system is more stable when it has many who are interested in its maintenance. On the other hand, revenue tariff demands that the import tax shall be laid on a few articles only. The prosperity induced by low taxes enables the country to pay by its own products for such a large volume of imports that the necessities of revenue are sufficiently met, without imposing a burden upon all or most of our international exchanges.

The best example of a purely revenue tariff is that of Great Britain, as it has existed for thirty years. All duties are collected on sixteen articles only, and ninety-eight per cent of it is derived from only five, — fruit, spirits, tea, tobacco, and wine. This tariff yields a revenue of about \$100,000,000 annually. Added to this is an excise tax, which makes up the total of what the people of England pay in tariff taxes.

From the foregoing it will appear that the formula for protection is this: "The duty of every nation is to insure the prosperity of its industries by ridding them of such competition as would interfere with their development." The formula of free trade is this: "An essential condition of a nation's prosperity is to be able freely to exchange its own products for those that are necessary to its industries and its consumption."

We are to-day living, and for over twenty-five years have been living, under a high protective tariff. This policy of the Government in regard to taxation has been often assailed. It has been often defended. One of the living questions of the day is, Which form of indirect taxation is the better? Does the protective tariff benefit the American people in the aggregate? Including in the comparison all classes of people and all lawful pursuits, — all industrial occupations, be they commercial, manufacturing, agricultural, or professional, — would they flourish better under

a policy of high tariff laid for protection, or under a more moderate tariff laid for revenue? This question covers all the debatable ground between American protectionists and free-traders.

Though we have been so long under protection, the question can not be considered a settled one. In truth, the voters of the country have never in all our history cast a ballot squarely on the single issue. In the early days of the Republic the question was bound up with the greater question of national existence itself. It mingled with the war politics of 1812 and the succeeding years. It was entangled with the issue between state sovereignty and national supremacy in the days of Nullification. For more than a generation it was overshadowed by the slavery question. In 1861 it was involved in the prosecution of the war, and the enormous financial requirements of the time. Since that date, the large revenues needed, and the evident disposition of both the great parties to shun the question, lest it should disquiet their organizations, have been sufficient to prevent it from becoming a clear-cut and definite national issue.

Perhaps no other purely economic question in our government is of such far-reaching importance as this. Hundreds of millions of dollars are involved in it every year, and protection has an incalculable potency for good or ill upon the prosperity of our people. The signs of the times would seem to indicate that the great question is coming up for final solution here, as it came up in England, much sooner than the popular expectation would predict. Starvation of the millions will not in America, as it did in England, bring the question to a sharp, abrupt adjustment; but the contest is likely to be long, and full of temporary reverses to both sides. That truth will be finally apprehended with clearness, as a result of public

agitation, no one can doubt who believes in the progressive tendency of the age.

There are four classes of opinion in our country with respect to the tariff existing since the Rebellion : —

1. Protectionists are supporters of the tariff substantially as it now exists ; and they plead for the highest rate of duties compatible with sufficient revenue, with the view of shielding domestic industry from foreign competition.

2. Tariff-reformers, or moderate protectionists, adhere to the idea of protection for its own sake, but advocate the repeal of many inconsistencies and abuses which they declare result from the present scale of taxes. Many of these favor, in the interests of manufacturers, the repeal of all duties on raw material imported. Some of this class claim that the existing tariff threatens the ruin of the protected industries themselves.

3. Moderate free-traders, or revenue reformers, believe that protection is a mistake, and favor the raising of the revenue by duties on a few articles only, so as to give as little protection as possible, and to interfere as slightly as may be with the natural course of commerce and industry.

4. Absolute free-traders are those who advocate unrestricted trade between our nation and others, as now exists between the States of the Union. They would provide the public revenues by excises, and by property, capitation, and income taxes. They believe, with the third class, that freedom of exchange is as much the birthright of every American as freedom of person and ballot. They believe that all interference of legislation with the natural currents of trade is destructive of real prosperity, makes wages lower and employment uncertain, raises the price of manufactured goods with no compensating increase in the value of other necessities of life, and limits American industry to

a home demand when it might enter the markets of the world.

There is a wide-spread belief that the inquiry as to what is the true policy with respect to industry, exchange, and revenue, as influenced by law, is too abstruse to interest the masses, and too complicated to be understood by them. This is a mistake. It is perhaps true that there is no popular comprehension of economic laws in the abstract ; but we have no citizens of ordinary intelligence who do not perceive that principles which are best for the individual are also best for the nation. All men see that national wealth is the aggregate of individual wealth, and that whatever influences persons for good or ill financially, has exactly the same effect upon the nation. The question is a large and many-sided one, but it is not difficult.

Thus far all agree. Even free-traders will concede that protection does benefit certain classes of our people ; and most protectionists will grant that a revenue tariff is best for certain other of our industries. But when the question arises as to the effect of the two systems upon our people in the aggregate, there is an immediate and emphatic divergence of opinion. The fact that the majority of our voters have views more or less mature, and based upon what seems to them adequate support, would lead us to infer that the questions involved are not beyond the grasp of any adult mind of good intelligence. An actual examination of the debatable ground fully confirms this inference.

There are two avenues of approach to every economic question : 1. The avenue of theory, or abstract principle. Here we study the influence of legislation upon industry as revealed by the known laws of human action. Men perceive the effect of the thing under consideration because they see the causes which have led to that effect.

2. The avenue of experience and practical application. Napoleon said, "Experience is the true wisdom of nations." By this means of approach men are able to know what will be, and now is, from what has been. It is the domain of history and statistics. To many minds it is the most satisfactory form of inquiry; but others, with more penetration, perceive that while the fact may be undisputed, the inference therefrom may be erroneous. If these two lines of argument harmonize, and point out the same conclusion, they constitute the strongest possible chain of evidence; but if they diverge and contradict, they are mutually destructive, and serve only to befog and darken.

We have had discussion on the tariff, on occasion, both in our national legislature and among the people, ever since the First Congress in 1789. But it would be a mistake to infer that the masses of the people are well versed in economics. There are several reasons for this: 1. Our people have been absorbed in the activities of business, and they have not inherited any mediæval burdens to make them smart under their wrongs and drive them to a study of their grievances. 2. We have never had a national text-book on economic science such as Adam Smith gave to England in the "Wealth of Nations." 3. The policy of our Government has been peaceful, our wars have not been numerous, and immense standing armies have not, as in Europe, absorbed the surplus and eaten out the substance of our people. 4. The immense fertility of our soil, the abundance of the common necessities of life, and the easy conditions of existence, have diverted us from the practice of small economies. 5. Even men in official station have felt that the people did not demand that they should understand economic science. Not more than two or three, even, of our Presidents have had a clear and comprehensive grasp of the subject of taxation. In con-

sequence of this public indifference in the past, our law-makers in Congress have not been called to a sharp account for their voices and their votes, and the patient public have allowed affairs to drift.

In a republic the people are, at least theoretically, the only proper guardians of their liberties and interests. Public safety is found only in virtue and intelligence ; and the solution of political problems, as of moral ones, can not wisely be left to politicians, nor the adjustment of economic questions to Congressmen and college professors. Like the Sphinx of Thebes, such questions as the one under consideration will either enslave or destroy us if the popular intellect and ballot be not able to unravel their riddles.





CHAPTER II.

RISE OF THE TARIFF SYSTEM IN EUROPE.

THE tariff is not an American invention. The word itself has a history. Etymologically it is said to come from Tarifa, a town and castle at the Strait of Gibraltar, where the Moorish pirates, for a considerable period during the eight centuries of the Mohammedan sway in Spain, exacted tribute from every vessel entering or leaving the Mediterranean. This tariff was like the "squeeze stations" now customary in China. A certain part of the value of every cargo went to satisfy the demands of these pirates. It was a robbery tamely submitted to by the nations of Europe rather than be at the trouble and expense of ending it,—just as in American history our Government for so many years encouraged the exactions of the Algerian pirates by unresistingly paying them.

It is not just to hold words, any more than people, to a strict account for their antecedents; but it may be said that the *name* could not have adhered to the *thing*, had there been no kinship between them. Though the word does not have a flattering origin, it is true to its history in at least this sense,—that it always takes, but never gives; it always levies, but never contributes.

In the Middle Ages those towns that had purchased their freedom from the lord of the realm were governed by guilds, or trade-corporations, existing in them. These guilds, like the trade-unions of our own day, aimed, not to secure rights to all citizens, but privileges to themselves. The acknowledged policy everywhere was to establish monopolies and to maintain a discrimination against rival goods and the non-privileged class both within and without the town. They forbade the intrusion of strangers into the favored industries, limited the number of workmen, and guarded against the importation of competing products. Here is the origin of that prominent figure of our own time, the skilled workman.

In France, for hundreds of years, freedom of choice in trade was denied the people by the despotism of the monarch and the feudal lords, who not only levied the general tax and such military service as the feudal system required, but also laid on other most odious restrictions. It was the legal duty of every peasant to get his grain ground at the mill of his lord, his bread baked at his lord's bakery, his wine made at his lord's wine-press, — all, of course, at prices scheduled to suit the proprietor. Under the meddling hand of such legislation in the simple affairs of domestic life, it is not strange that the miseries of the people increased, and the productiveness of labor diminished. When it was seen that seven eighths of the people of France gave more than half their products to support the other one eighth in idleness and luxury, there arose an agitation among the peasants and the workmen of the towns. This discontent continued from age to age till it culminated in the horrors of the French Revolution.

For centuries but little was done in any country of Europe to stimulate intercourse with other nations, till the commercial idea was revived by the astonishing success of

Venice, followed later by the other maritime cities of Italy, Genoa, Naples, Amalfi, Florence, and Pisa. The abounding wealth acquired by their trade with the outlying world, and especially with India, opened a new era in Europe. They were the pioneers in modern commerce ; and their history shows what prodigality of riches will flow from an unobstructed trade, in spite of factions within and jealousies without.

In imitation of the Italian cities, the Hanseatic League was formed by about seventy commercial and manufacturing cities on and near the Baltic and the Rhine. Their object was to obtain an organized commercial supremacy in the North. They established auxiliary trading-posts in other parts of the world. Perfect freedom of trade existed between all these towns, and between them and their distant depots. They obtained almost exclusive control of exchanges in the North, as the cities of Italy had done in the South.

But these two pictures of prosperous trade were conspicuous exceptions in the general course of commerce in Europe during the Middle Ages. The usual practice was that governments, while not establishing systematic tariff schedules, laid many restrictions upon the incoming trade. But in thus trying to injure others to benefit themselves, they did not stop at the boundaries of their territory. They carried restriction to the logical end, that if it was good for boundaries, it was also good for the interior ; and hence they protected one class of citizens against another class, cities of one district against cities of another district, and one domestic occupation against other domestic occupations. "If a man of Liege came to Ghent with his wares, he was obliged first to pay toll at the city gate ; then, when within the city, he was embarrassed at every step with what were termed 'the privileges of companies.'" With the

exception of England, whose Magna Charta prevented, every State of Europe laid national, provincial, and city tolls, with an interruption of home production and domestic trade of all sorts. The tyranny of prescribing by law the price at which all articles should be sold was nearly universal. Blanqui, the historian of political economy, tells us that commerce would have been destroyed by these laws but for the fact that they were inadequately enforced, since the instincts of a people are stronger than their legislation.

It was not till the modern age that commerce began to be rightly valued as a minister to the comforts and luxuries of life. But for a long time erroneous ideas prevailed as to the laws of trade. Men did not see that international commerce is advantageous to both parties engaged therein, and that after every fair exchange they are richer than before. A prominent opinion of the time was that trade is a kind of commercial war, and that in exchange between two nations one gains, while the other loses. The paramount idea with any nation in selling its products was, not to obtain the commodities of other lands, but to secure gold therefor. In the estimation of the times, successful commerce consisted, not in obtaining the products of labor, but in getting into one country from another the largest possible balance of the precious metals. This has been called the "Bullion Theory" of trade.

At a later period the policy of European traders might have been formulated, rather paradoxically, as follows: To sell is profitable; to buy is unprofitable. If we trade without restriction with a neighboring people, we take as much of their products as they take of ours. Since, therefore, they profit by our trade as much as we profit by theirs, legislation should step in and destroy half of these exchanges, so that we may do all the selling, and they all the buying. Thus shall we reap all the profit. This modifi-

cation of the Bullion Theory is known as the "Mercantile Theory."

France was the first nation to put the Mercantile System into actual operation. In 1572, the year of the massacre of St. Bartholomew, the king, Charles IX., forbade the exportation of wool, flax, hemp, and yarn, and the importation of all woven fabrics and some other manufactured goods, under penalty of confiscation. Sully, the finance-minister of Henry IV., elaborated the system, and said: "It is still more necessary to do without the commodities of our neighbors than without their money." But the system was brought to its highest perfection under Colbert, the famous minister of finance to the Grand Monarch, Louis XIV. His idea of securing national wealth is thus pointedly expressed in his own words: "To reduce export duties on provisions and the manufactures of the kingdom; to diminish import duties on everything which is of use in manufactures; and to repel the products of foreign manufacture by raising the duties."

From France the system extended to other parts of Europe. Under Emperor Charles V. of Spain and Germany, and his successors, it obtained wide adoption. But since it was based upon the injury of neighboring nations, it brought on retaliations and enmities, which found expression in frequent wars. For two centuries most of the wars of Europe were partly or wholly commercial in character. Under the operation of this system and the contests brought on by it, Spain passed within a century from the highest grandeur of empire to a condition of weakness and dependence.

It is not strange that under the system of Colbert manufactures should flourish. They responded to the new policy; and whatever may be said of its effects upon other industries, their growth was really phenomenal. The whole

force of legislation was directed to their stimulation. The national treasury also received large revenues. Encouraged by this apparent success, Colbert proposed another change in the theory of sales. This time the Protective System was the result. "His tariff of 1667 was the first protective tariff, so called,—that is to say, it was the first formal schedule of tariff taxes laid for the avowed purpose of cutting off competition from home manufacturers in order to raise the price of their wares." This tariff shut out the products of the Dutch looms. The Hollanders first argued, then remonstrated, and then adopted retaliation. The wines, brandies, and textile manufactures of France were excluded from Holland by the counter-irritant, another protective tariff. French agriculture, which had suffered injury from the prohibition of the export of grain, was now further injured by the foreign interdict against the vintage.

As the Mercantile System went from France over Europe, so did the Protective. Notwithstanding the remonstrance of the farmers, the tradesmen, and the importers of France, the system was persevered in as a settled policy. Most of the other commercial nations of Europe, if not persuaded to adopt it because of its virtues, felt compelled to do so in self-defence. This system has continued till our own time. To-day France, Germany, Russia, Spain, and Austria are practising protection as a settled and definite national policy. England, the Netherlands, and Switzerland do not believe in legislative restriction of commerce; and in giving expression to their economic ideas, they have made trade as free as is compatible with a revenue derived from customs-duties. Thus in our time one part of Europe practises the largest attainable freedom of exchange with all the world, and the other part practises isolation, restriction, and national self-sufficiency.



CHAPTER III.

A LEAF FROM THE HISTORY OF PROTECTION IN ENGLAND.

FOR a thousand years Great Britain was known as an agricultural and grazing island. Her heaths and meadows were favorable to the raising of sheep, and in the early time wool became the chief article of export. In the English House of Lords the seat of highest dignity is known as the Woolsack, having been originally a sack of wool, — thus to indicate that England's power and wealth were founded upon that product.

Previous to the time of Edward III. the wool was sold to Belgium, there converted into cloth, and then taken back for consumption in England. In order to obtain revenue, Edward I. secured, in 1275, by vote of Parliament, a tax on each sack of wool exported. This was the very first step in taxation looking to customs revenue in England. A later monarch, in order to force the manufacture, forbade that wool should be exported, and woollen cloth imported. Flemish weavers were invited to settle in England, and the wearing of any but English cloth was prohibited. The Parliament of Queen Elizabeth enacted that the exporter of sheep or wool should suffer fines,

mutilation, and other savage penalties. This prohibition was continued till 1825. An Act was passed in 1678, ordering, for the encouragement of the woollen manufacture, that every corpse should be buried in a woollen shroud. The result of all this was the establishment of woollen manufactures, in rivalry with the Flemish. The merchant marine of England also had its origin at this time, encouraged by the free importation of raw material and the free exportation of finished commodities.

The Colonial System grew out of the Protective, as the Protective grew out of the Mercantile, and the Mercantile out of the Bullion. It was a policy to make the colonies of the parent country minister to its prosperity. It prevailed among all the colony-planting nations of Europe. "The home government," says Blanqui, "used the colonists to rob the natives, and tariffs to rob the colonists."

Our own colonial history shows what a zealous supporter of this system and what an unkind guardian of colonial commerce was Great Britain. Her dependencies in all parts of the world were made a source of revenue. An English statesman declared in Parliament that this was the very purpose for which they were planted. The precise object was to secure an American market for English goods at a high price, and an English market for American goods at a low price. It meant the importation of American raw material into England, and the exportation of English finished goods to America. The first and all attempts to begin manufactures in this country were followed by the interference of Parliament. The Navigation Acts of 1651 greatly restricted the colonial shipping. In 1698 the colonial woollens, whose manufacture had sprung up spontaneously in the free atmosphere of America, were forbidden to be sold by one colony to another. In 1710 the Commons declared that manufactures in the colonies

would lessen their dependence on England. In 1732 it was forbidden, in the land of the beaver, to export hats, since, as was argued, America would soon supply the whole world with hats. In 1750 it was forbidden to erect in America any mill for rolling or slitting iron; and Pitt exclaimed, "It is forbidden to make even a nail for a horse-shoe." In a country where every family read the Scriptures, no English Bible could be printed without committing piracy. In 1765 the emigration of artisans from England was made an offence, under heavy penalties.

The first General Congress of the American colonies in 1765 passed a mild resolution, which sounds to-day like a truism: "That the restrictions imposed by several late Acts of Parliament on the trade of these colonies will render them unable to purchase the manufactures of Great Britain." The Revolutionary War was a commercial war. "No taxation without representation" was not the real issue. That was only an outcry to catch the popular ear. It was well understood that it was not the custom with any European nation to permit colonial representation in its law-making assemblies. The soul of the war was the commercial question,—whether America should have an undisturbed commerce; and that eight years' struggle was simply a well-conceived revolt against the selfish and unnatural motherhood of England.

The early law for the protection of wool-growers and woollen manufacturers was soon followed by the protection of the grain-growers. These Acts were called the Corn Laws. They date from 1360, in the reign of Edward III. The first legislation prohibited the export of grain, except from a few cities which had bought license from the Crown. Later it was the law that exportation should be allowed when grain was so abundant in England that the price did not exceed 6*s.* 8*d.* For a hundred years there was no

restriction placed upon the importation, but in 1463 a statute was enacted forbidding the import when the price was below 6s. 8d. Thus for a long time there could be no exportation when the price was above that figure, and no importation when it was below. This was an attempt to protect the producer against too low a price, and the consumer against too high a price.

During three hundred years the prevailing idea in legislation was protection. Special privileges were accorded to certain classes and interests at the expense of certain other classes and interests. Legislation was partial to the producers, and the mantle of protection was made to extend as far as possible over the most prominent industries. The rights of consumers were for the most part ignored. The landlords and the farmers were protected by laws shutting out foreign grain, wool, and live-stock. The manufacturers were favored by duties on woollens, linens, silks, iron. The emigration of artisans and the exportation of machinery were forbidden. Combination of workmen was made illegal, lest the price of labor should thereby be advanced. Ship-owners were protected by the Navigation Acts. Thus every industry which could influence Parliament was raised upon a platform of artificial privileges. But the laboring classes were left to bear the burden of prices arbitrarily raised for the benefit of the government favorites.

The benefits of protection were for a long time unquestioned by any influential class. The merchants of Great Britain were the first to see that the artificial increase of prices resulting from protection decreased exports, reduced home consumption, and thereby lowered the average comforts of the English people. Their petition to Parliament is a clear and forcible plea for unrestricted trade. It would be too much to say they were not influenced by self-interest.

The Reform Bill of 1832 greatly enlarged the gift of

suffrage. This was a step in the march of popular rights as opposed to the usurpations of the nobility. In 1836 the grain-crop was a failure, and for the three following years the rain ruined the harvest. Food was greatly increased in price, and much suffering ensued. "Enough had been already said about the freedom of trade to guide the hungry people to protection as the origin of their sorrows." The ownership of the soil had been for centuries a monopoly under the operation of laws forbidding the sale of land and the breaking up of landed estates. In addition to this, it was now seen that the landlords were also profited by adding to the price of grain, naturally high, the further advance caused by the restriction upon importation. With starvation imminent and with food unavoidably dear, it was intolerable that the Government should still further increase the price artificially, and extend partiality toward the grain-producing few as against the bread-eating millions.

To guide the course of growing opinion, the Anti-Corn Law League was formed at Manchester in 1838, headed by Richard Cobden and John Bright. By this association a wisely conceived and well executed agitation was prosecuted by speeches, pamphlets, tracts, and meetings in every part of the kingdom.

When Sir Robert Peel took office in 1841 as prime minister, the condition of the people was the most distant from prosperity. The laboring population was reduced to the greatest extremity between the upper millstone of high-priced food, and the nether one of diminished employment and falling wages. There were bread-riots in both the agricultural districts and the manufacturing centres. One person in every twenty was a pauper, and the annual expense of pauperism, which was paid from the public purse, was very heavy. So hard were the conditions of a livelihood that thousands of children were taken from the sports

and occupations proper for youth, and driven to exhausting labor for a pittance in the mines and factories. But distress did not afflict the lower stratum of society only. "Every interest in the country was alike depressed. In the manufacturing districts mills and workshops were closed, and property depreciated in value. In the seaports shipping was laid up useless in the harbor. The revenue was insufficient to meet the national expenditures. The country was brought to the verge of national and universal bankruptcy."

Without discussing the causes of these calamities, it is sufficient at present to say that the majority of the middle classes and a large part of the laboring people ascribed them to the commercial policy of the nation. Under the leadership of the Anti-Corn Law League — the most efficient propaganda ever known in politics — public sentiment compelled the attention of Parliament. Richard Cobden was a man of unsurpassed sagacity; nor did he have a superior anywhere in the clear, cool, and simple presentation of truth as apprehended by himself. John Bright had a matchless tongue; and his eloquence added enthusiasm to the movement, which was prosecuted with an energy unparalleled in the annals of political agitation. The lawmakers, largely controlled by the manufacturing and the landed interests, were forced to hear and discuss the public grievances. Parliament, under this compulsion, reduced or repealed the duties upon seven hundred and fifty articles, including the taxes on all raw materials entering British manufactures.

prices by these concessions, instead of satisfying the free-home consumers stimulated them. The ultimate question of the Enfranchisement of the Poor was ignored. Even Nature seemed in league with a clear and forcible statement. The summer of 1845 had been cool, and too much to say that the rain fell unceasingly. The potatoes

The Reform Bill ground in Ireland, and the harvests

were ungarnered in England. No man in the nation comprehended the situation more clearly than Sir Robert Peel. He reluctantly proposed the repeal of the Corn Laws. In 1846, after a fierce contest in the House of Commons, the measure triumphed by a vote of 327 to 229. The House of Lords was at that time under the autocracy of the venerable Duke of Wellington, the hero of Waterloo. He said to his associates: "You can not dislike the Bill any more than I; but we must all vote for it." This the Lords most unwillingly did, in such numbers as to secure its adoption.

The repeal of the Corn Laws was like the removal of the keystone from an arch. The protective system was about to crumble into ruins. The rest of the work was done swiftly. In 1842 there remained an import duty on twelve hundred articles; but a few years later these were reduced to twelve, which were retained for revenue, and not for protection. The artificial regulation of prices was at an end, and the great law of supply and demand was thenceforth to exert its gentle sway in place of the arbitrary laws of parliaments.

The improvement in social and business affairs since the downfall of protection in England has been very marked. It is a matter of official record that in the forty years since the repeal, the wages of laboring men have increased a hundred per cent, and the deposits of savings-banks, as the surplus of wages, have greatly enlarged. While pauperism exists there as elsewhere, both it and crime have decreased relatively and absolutely. Employment became more certain and steady, and the scale of comforts among the masses was raised. A great statesman of England at a recent address at Birmingham said: "Centuries of legislation in this country have not done so much, have not conferred so great benefits upon the people of England, as was conferred by that great minister of forty years ago."

Even agriculture, to whose interests the repeal was supposed to be particularly hostile, has scarcely felt the absence of legal encouragement, while it has found an active home demand at excellent prices for every bushel it can produce and for every ox it can drive to the shambles. In commerce the betterment was strongly marked. Trade with the outlying world received a spur which it feels to this hour.

The prosperity of manufactures in England since the repeal has been equally as great. Instead of having an insular trade only, as under restriction, the factories send out their products into all quarters of the earth. Not being burdened by taxes on raw material and by other weights, the products of England are able to overleap the walls which legislation has raised about other countries, and to find their way into every market beneath the sun. There is some truth in the words of a protectionist writer: "England can now carry the cotton of Hindostan and Georgia over sea and land, spin and weave it into stuffs, and then carry it back to undersell the American and the Indian manufacturer, who sees the staple growing under the windows of his factory."

It is not claimed that Peel's reform was the sole cause of these great advances. It will not be claimed that it had any effect whatever in producing these marvellous changes, unless it can be shown that its direct and only tendency was and is to produce those identical results. But whatever may have been the causes which have contributed to this development of industrial England, it is sufficient for the present purpose to remark that the fact that there is not now and never has been in that land any popular clamor to return to the old order of things, may be assumed as evidence without argument that the change from hampered to unrestricted industry was for the best interests of Great Britain in the aggregate.



CHAPTER IV.

OUTLINE OF TARIFF HISTORY IN THE UNITED STATES.

THE Mercantile and the Colonial Systems gave us our nationality. Bancroft the historian says: "American independence, like the great rivers of the country, had many sources; but the head spring which colored all the stream was the Navigation Act." The causes of the Revolution, when reduced to the last analysis, show clearly that the war was a struggle chiefly in the interest of free commerce. It had already been foreseen that self-respecting colonies would look forward to the time when they should be able to throw off the restrictions of the colonial system, and declare for themselves sovereignty both in commerce and government. Even before the great Declaration, it was resolved by vote of Congress, on April 6, 1776, to throw open the ports of the thirteen colonies to the trade of all the world. British custom-houses were thus swept away even before the British statute. Bancroft says: "Absolute free trade took the place of hoary restrictions." It was under the guidance of such ideas that our revolutionary fathers in the Declaration of Independence arraigned King George for "cutting off our trade with all parts of the world." Had a political

prophet then stood up and forecasted that within thirteen years our Congress, with deliberation and as a public advantage, would be cutting off the same trade, he would have been laughed to scorn. Yet this very thing was done.

After independence, during the years of the war and the subsequent years of the Confederation, our fathers placed little restriction upon foreign exchange, and the flags of all nations were welcome in our harbors. During the war, in 1778, a treaty of alliance and commerce was made between France and the United States. It was agreed to take as the basis of agreement "the most perfect equality and reciprocity." The treaty agrees to found "the advantages of commerce solely upon reciprocal utility and the just rules of free intercourse." The treaty of 1783 with England, which ended the Revolution, did not contain any provision concerning commerce between the two nations, though our envoys tried hard to have such stipulations inserted.

During the war many manufactures had sprung up to furnish the products formerly obtained from England. These industries were thus of a mushroom-growth, forced up by the war. It is not strange, therefore, that they should be embarrassed when peace came and foreign trade revived. The cry was made that the country could not endure the competition of England, and that free trade would prove ruinous to us. This revival of the British trade was advantageous to England; but so deeply was the Mercantile System impressed upon the popular mind that it was not clearly seen that it was advantageous to America also. The war had greatly restricted the trade with England. This was an undisputed evil. Strangely enough, it was now seriously proposed to cut it off yet more completely by our own will and act, through the means of protective duties.

Surely, if the competition of England was really a thing to be feared at all, it was to be feared then, when the young nation was yet in the formative state. The national growth was yet in the gristle. Before it could harden into bone, the pressure from without would, if at all, check its growth and spoil its symmetry. Instead of this, we find in 1789 that we had manufactures of iron, glass, paper, leather, flax, hemp, copper, hats, sugar, and cloth, which had not only endured English competition for ten years, but were boasted of as strong and prosperous. All this was without legislative encouragement.

Under the Constitution, Congress was endowed with the exclusive power "to regulate commerce with foreign nations and among the several States." The first session of the First Congress, in 1789, had not been convened more than forty-eight hours, when the pressing question of revenue arose. Revenue led at once to the further question of protection. It is a significant fact of the first tariff debate in Congress that the first word which looked toward protection came from Pennsylvania. Congressman Hartley said: "I take it to be the policy of every enlightened nation to give its manufactures that degree of encouragement necessary to perfect them, without oppressing other parts of the country." In the lengthy debate which followed, the necessity of revenue by customs-duties was conceded. Protection was the controverted point. Hamilton favored encouragement to manufactures, but preferred direct bounties and premiums from the treasury, rather than that duties should be protective or prohibitive. The Congressional lobby began its existence in our First Congress, and there was a sharp struggle between sections and interests.

Finally, our first tariff — the "Hamilton Tariff" — was passed, July 4, 1789. It distinctly avowed the protective principle, and stated that "the encouragement and pro-

tection of manufactures" are desirable in themselves. But this tariff was passed as an unavoidable evil, and it was clearly declared to be only temporary. As a protective measure it was intended to secure a prosperous start to the infant industries, and was to come to an end by limitation in 1796. The duties averaged on the whole list about eight per cent. The next year the duties were raised to an average of eleven per cent, and two years later to fourteen per cent.

Instead of ending in seven years, it was continued in effect. During the twenty-seven years of its existence, to 1816, seventeen modifications of the tariff were enacted. In the aggregate, the duties were raised by these changes. As a revenue tariff it was a success to an unexpected degree, the income steadily increasing from year to year. The essence of this tariff was revenue; the incident was protection. It was also understood to be retaliatory in its nature, similar measures being at that time enforced by other commercial nations. It was not understood by any one that protection was desirable as a permanent policy, or that it was applicable to all times, circumstances, and countries.

During these years the war in Europe, resulting in the English blockade of the French coasts, the Berlin Decree of Napoleon, the English Orders in Council, and the retaliatory Milan Decree of France, subjected ocean commerce to the greatest loss and vexation. In order to protect the American ship-owner, the embargo of 1807 was enacted, which extended the doubtful advantage of shutting up our ships at home. After its repeal, Non-Intercourse Acts were passed by way of retaliation. Then came the War of 1812, which was used as a reason for doubling the duties on imports. Manufactured articles were very high, and factories were erected in large numbers, partly because the war cut

off foreign competition, and partly because the tariff raised the price of their products.

Our second tariff is known as the "Calhoun Tariff" of 1816. The embargo, the Non-Intercourse Acts, and the war, by shutting out foreign goods, had forced a demand for home products, and domestic manufactures were greatly stimulated thereby. In the strange light of the times, these three influences seemed to be beneficent forces, and it appeared that peace would be a calamity if its return should open the way to an unrestricted trade. It was perhaps true that these manufactures of a forced growth could not live except by a continuation of the same circumstances which had brought them into existence. Hence to perpetuate the life of industries called into being by public calamities, our first purely protective tariff was passed. This is the true significance of the Calhoun Tariff.

Now protection was the object sought; revenue was the incident. New England, voiced by Daniel Webster, opposed the measure, while South Carolina, speaking through John C. Calhoun, pronounced in favor of it. This attitude of sections was soon exactly reversed. The marked feature of this tariff was the protective duty on cotton goods, in the interests of the cotton-growing States. It was Calhoun's opinion that such a tariff on cotton goods would raise the price of the raw staple. When it became apparent, however, that the tariff benefited Lowell and Jackson in the operation of their new cotton-mill at Waltham, but not the growers of the fibre in the South, there was a rapid change of sentiment on the question of protection in both sections. Here began that settled opposition to protection from the maritime and agricultural classes, and that determined advocacy of it by the manufacturing classes, which have continued till to-day.

The idea of revenue having been left behind, the duties

became excessive, for purposes of protection. The average of all duties was not far from twenty-five per cent. This tariff first introduced the principle of minimum valuation, it being provided that all cottons, even the cheapest, should be assumed at the custom-house to have cost at least twenty-five cents a yard. As the duty was *ad valorem*, and not specific, this was a scheme for raising the tax on the cheaper fabrics without appearing to do so.

Though this is properly called the Calhoun Tariff, since his great influence carried it through to adoption, it was really the result of a union of the Calhoun forces in the interest of the cotton-growers, and of the Lowell influence in the interest of the cotton-manufacture. Wool was also "encouraged" by a duty of twenty-five per cent. Pennsylvania was pleased with a duty of twenty dollars a ton on steel. The Louisiana sugar interests clamored for recognition; and accordingly, in the general distribution of gifts, sugar was "encouraged" by a duty of three cents a pound on brown, and twelve cents a pound on loaf. Minor changes, nearly always upward, were made in the tariff from year to year as this interest or that one chanced to be in the ascendancy in Congress or in the lobby.

Our third tariff was enacted in 1824, on the eve of a presidential election, and is known as the "Clay Tariff," since Henry Clay, the "favorite son" of Kentucky, at that time Speaker of the House, was chiefly instrumental in securing its adoption. For eight years the country had lived under moderate protection. That time was long enough to enable the various sections and industries to see with some clearness where their interests lay. The new tariff was the result of this wider and clearer view. The arguments were not new, but they were more clearly apprehended than before, and the debate, especially on the free trade side, was more ably sustained than on previous occasions.

The several industries encouraged by the Calhoun Tariff now demanded higher duties, and many not previously favored now clamored for a place on the schedules. The Bill was so adroitly drawn up that it combined strength enough by favoring this interest in one clause, and that interest in another, to secure its adoption. The Bill was simply a determined and organized push for more enlarged favor.

The debate was a bitter clash of interests and sections. It was a hot race for government patronage, each industry striving for the first place, as though ruin were about to take the rearmost. The South was almost solidly opposed to protection, as it had been since 1820, when Calhoun saw his great mistake. New England was divided on the issue; the manufacturing portion favoring, and the agricultural and shipping interests opposing, increased protection. Webster uttered the prevailing sentiment of his section by a powerful speech against protection in general. The Middle States and the West, with Pennsylvania in the front, led the forces for the Bill. That State wanted more encouragement on iron. Kentucky wanted further protection on hemp and whiskey. Louisiana demanded higher taxes on molasses and sugar. Ohio wanted wool protected. Massachusetts now liked a tariff on woollens and cottons.

But though each State favored and would vote for protection on some one or more articles, they were all as clearly opposed to protection on all other articles. New England could see no public advantage of a tax on sugar, Pennsylvania on hemp, Louisiana on iron, or Ohio on cotton fabrics. But so skilfully was the potion mixed that the sweetness in the aggregate exceeded the bitterness, and the several industries, by pooling their interests, secured its adoption by a close vote of one hundred and seven to one hundred and two.

On cottons the minimum was raised to thirty cents. On woollens it was for the first time applied, and was fixed at thirty-three cents. Bar-iron, to offset the cheapness of the new processes in England, was raised to eighteen dollars a ton if forged, and to thirty dollars if rolled. Raw wool was taxed twenty per cent the first year, twenty-five the second, and thirty thereafter. Molasses got ten cents a gallon, and hemp went up from thirty dollars to forty-five dollars a ton. The average duty on all articles taxed by the Clay Tariff, as officially reported, was thirty-seven per cent.

It would now be supposed that the question was settled, at least for a term of years. If discontent should find a voice, it would certainly come from the enemies, and not from the friends, of protection. The unexpected is exactly what happened. The high-tariff interests were still far from being satisfied, especially as regarded woollen fabrics; and the tariff was less than a year old when a persistent agitation was begun, which continued during all the time it was in force. The tariff was described by the woollen manufacturers and by the journals favoring them as "our present ruinous system," as though no concession in their direction had been made. England had lowered her duties on wool to a penny a pound. This was taken as an evidence of her desire to prostrate American industry, since she could now more successfully compete in our markets. Hence it was the opinion of the woollen manufacturers that it was desirable to raise still higher the duties on woollens, in order to protect ourselves from any benefit which this voluntary reduction on the part of England would have brought us.

Accordingly, a National Convention was held at Harrisburg in 1827, to consider measures for promoting manufactures. It adopted resolutions favoring more protection on iron, wool, woollens, hemp, steel, and glass. It was the

most vigorous attempt ever made to dictate a course to Congress avowedly in the interest of specified industries. So ill-concealed was the purpose to coerce Congress that it called forth a denunciation on the floor of the House from Buchanan, always a protectionist, then a Congressman, and afterward President.

Such was the state of affairs when our fourth tariff was passed, in 1828, known as the "Adams Tariff," but called by its enemies, and sometimes in history, the "Tariff of Abominations." It was based upon the demands of the Convention at Harrisburg. Already the lobby was an omnipotent factor in our politics, and there was a mighty "gathering of the clans" for more encouragement to their pet industries. Now for the first time there was a good degree of coherency in the opinion of the sections. New England was united in favor of the Bill, Webster basing his support on the plea that since Massachusetts had been led into manufactures by the tariff of 1824, her industries should now be cared for by the fostering hand of Government. The Bill was recognized as an Adams measure; and this would have been sufficient of itself to secure the opposition of the Jackson faction, though the South was already consistently united in opposition to protection as a principle. The West, though it was without any determined bias on the question, was quite resolved, now that it had become a power in politics, to have its share of favors, if Congress should choose to go again into a distribution.

It was foreseen from the first that nothing could prevent the passage of the measure. The South, unable to defeat the Bill, adopted the plan of loading it down with objectionable features, with the hope that it would be made so bad by exaggerations and absurdities that it would disgust even its friends. But this artifice did not succeed, since the majority either rejected the amendments, or else adopted

them in good faith as valuable additions. Thus the "Tariff of Abominations" was shaped almost as much by the perverse policy of its enemies as by the zeal of its friends. It passed the House by a vote of one hundred and five to ninety-four. It placed a specific tax of four cents on wool in addition to forty per cent ad valorem. The minimum on woollen fabrics was fixed at one dollar per square yard. The duties averaged forty-three per cent along the whole line of dutiable goods, and thirty-seven per cent on the entire body of imports.

The clamor of the Northern protectionists for the enactment of the tariff was as nothing in comparison with the discontent which it created in the South. That section was compelled to sell in an open market, and to buy in a protected one. Calhoun, the Vice-President, hoped to win the support of Jackson to secure its repeal; and when this failed, he planted in our politics those doctrines of Nullification and Secession which were uprooted only by the storms of civil war. The South was fully aroused; and so violent was the sectional bitterness that the integrity of the Union was threatened.

Under these circumstances, in 1833, our fifth tariff was passed, called the "Compromise Tariff." The presidential election was just over. Clay went into the canvass against Jackson as an advocate of high protection. He was beaten in the race. The country seemed to have spoken against protection, and Congress spent the entire winter in wrangles over the tariff. Finally, near the end of the session, Clay proposed a new Bill as a substitute for all others. Calhoun's support was secured, and the united influence of the two was sufficient to carry it through against the high protectionists, led by Webster. It went into effect just in time to prevent the hostile collision between South Carolina and the General Government over the Nullification troubles.

The law provided for a gradual reduction of all duties above twenty per cent till they should reach that figure on the home valuation. This was what is called a "horizontal tariff." Under its operation the duties were slowly lowered, and for the nine years of its existence they averaged thirty-two per cent. This tariff, as its name implies, was a mere political expedient,—a makeshift forced through Congress on the eve of adjournment, without much reference either to public or private interests.

Our next tariff, the sixth, was passed in 1842, and is known as the "Whig Tariff." The commercial crash of 1837, with the hard times which followed, was the immediate cause of its adoption. It was considered the business of legislation to remove financial distress. The stump-orators of the hard-cider campaign of 1840 held out extravagant promises if Harrison should reach the White House. The boast that the Millennium would come in at the ascendancy of the Whigs, together with the hardness of the times, caused a popular revolt against the Democrats; and the campaign was, from first to last, a triumphant success for the Whigs. They were not unanimous for protection, nor were the Democrats united for a revenue tariff. Public opinion did not warrant high duties, and the average was but little above that of the preceding tariff. The Whig Tariff lasted but four years. It was not expected to last. It has been aptly termed "a mere eddy in the now steady stream of opinion setting toward free trade."

The year 1846 was made memorable in the history of economic legislation by the repeal of the Corn Laws in England and the adoption of the "Walker Tariff" in America. In the presidential year 1844 Clay was again, and for the last time, the candidate of the protectionists. The candidate of the friends of low tariff was James K. Polk. The canvass turned largely on this question, and the Sage of

Ashland met his Waterloo. It appeared that protection was at an end, and that America was keeping an even step with England in the march to free trade. Polk's Secretary of the Treasury was Robert J. Walker, from whom the tariff was named. After a discussion of great intensity, the Bill passed by small majorities. It applied the horizontal principle, though it discriminated between goods that could be produced at home and those that could not. It was "a revenue tariff with incidental protection." It resembled the Hamilton Tariff, though its duties were higher, averaging twenty-three per cent on all dutiable goods.

Walker had learned, and it soon became apparent to all, that moderate duties yield large revenue; and this tariff, which was estimated to yield \$20,000,000 a year, placed over \$60,000,000 in the treasury in 1856. In this respect it was the most successful of our tariffs, so that revenues largely exceeded the expenditures. Reductions were therefore made in the duties in 1857, so that revenues fell below the necessary expenditure.

The tariff existed for fifteen years. During that time the country made most rapid advances in wealth, and there arose a strong sentiment in favor of an entire abandonment of customs-duties, and a resort to direct taxation as the true fiscal policy for the nation as for the States. During most of these years the Mexican war and the slavery question absorbed attention, so that tariffs and economic considerations were foreign to the public mind. The things of paramount importance were the presidential campaigns, the integrity of the Union, and "the tremendous issue of civil war."

The year 1861 witnessed the passage of the "Morrill Tariff," which, though often modified, still remains in force. The political party which carried Lincoln to the presidency in 1860 had adopted in its platform a mildly drawn reso-

lution in favor of protection, though such was the excitement of the time on the slavery question that little was said in the canvass about tariffs. Seven of the States seceded during the winter, and the country was steadily drifting toward war.

This tariff, whose author was Justin S. Morrill, representative and afterwards senator from Vermont, went into effect April 1, 1861, and raised duties about one third over the Walker Tariff as it stood in 1860. As first passed, the Act looked chiefly to revenue, and not directly to protection. But in August of the same year there was a revision of the Act, when it assumed some protective features. Another change, still upward, was made in December. Thus from year to year there were further changes in the tariff, every one being an increase of duties. The necessity for large revenues was so urgent, when the army was costing a million dollars a day, that the tariff was made to cover almost everything, and the people, being wholly absorbed in the war, and seeing the need of heavy taxes, patiently submitted. The tariff became more and more protective at every change, so great was the influence of the Congressional lobby, and so importunate were the chief manufacturing interests in their demands for recognition.

After the close of the war the plea for revenue was cast aside, and the necessity of protection to industry was plainly declared. This tidal wave of protection reached its culmination in 1868, when the duties averaged 48.7 per cent on dutiable goods, and 46.6 per cent on the entire volume of imports. There were 2,317 distinct rates assessed on as many different articles or grades. The amount of free imports was only 5 per cent of the entire imports. In that year window-glass paid 49 per cent; pig-iron, 55; plain cottons, 58; spool-cotton, 66; salt, 81; blankets, 82; wool, 108; carpets, 109.

In 1871 occurred the first substantial reduction, when \$26,000,000 in taxes were taken off, not from protected articles, but from those yielding revenue, as tea, coffee, and sugar. In 1872, on the eve of a presidential election, Congress put tea, coffee, and some other articles on the free list, and made a reduction of ten per cent on most of the protected articles. But so great was the clamor of these industries, which had thus lost one tenth of their encouragement, that the tax was restored two years later. Thus from year to year the existing tariff has been recast by Congress, which sometimes slightly reduced, and at other times decidedly increased, the taxes. In the aggregate there was but little reduction from those of 1868.

In consequence of a wide-spread dissatisfaction with these high taxes, Congress authorized, and the President appointed, in 1882 a Tariff Commission, composed of nine members from civil life, all of whom, except one, were protectionists, and most of whom were personally interested in protected industries, to make the tour of the country, gather information, hear the sentiments of the people, and propose to the next session of Congress revised schedules of duties. Their Report increased the free list in unimportant articles, and changed the rate on the others. After lengthy discussion, during which time the lobby was most clamorous and unblushing, Congress, through resort to a Committee of Conference, reached an agreement on March 4, 1883, the last day of the last session of the Forty-seventh Congress. By this Act the free list was increased, and the number of specified articles on which protection was retained was reduced to 1,570, under 631 rates. The duty reported by the Commission was adopted in 459 cases, and changed in 172. Of these latter, the rate was lowered on 98, and raised on 74.

Thus in our national history we have had eight tariffs,

with numerous modifications of each, — more than forty in all. Since 1789, when Washington became President, we have lived forty-two years under a tariff drawn chiefly for revenue. Moderate protection has prevailed for twenty-one years, and high protection for thirty-six years. We have never had absolute free trade. During most of that time the tariff issue had some degree of prominence in the Congressional debates, and frequently the feeling, both official and private, attained great intensity. After a century of discussion, the question as to what is the true fiscal policy of our nation is yet, at least in the popular apprehension, an unsolved problem.





CHAPTER V.

SOME LESSONS FOR THE PRESENT FROM THE TARIFFS OF THE PAST.

IT is interesting to note, though it may be merely a coincidence, that the year 1776 witnessed both the independence of the United States and the publication in England of Adam Smith's "Wealth of Nations." The former was a political, and the latter a literary, revolt from the errors of the Mercantile and Colonial Systems. They were two vigorous pleas, one from Independence Hall, and the other from the astute Scotchman, for untrammelled commerce.

For some years after independence the ambassadors of the United States made every effort to secure treaties of free exchange with European nations. The Colonial System had given them all the restriction they wished. England would not grant reciprocity, either because she was yet smarting under the loss of her colonies, or because she expected still to control the American trade. So desirable was a treaty of free commerce with England that the American minister, John Adams, tried for years under the Confederation to accomplish it; but, disgusted with his failure, he recommended that we too should set up restrictions, in order that we might purchase free trade with England by offering to remove our own impediments thereto.

It was the old expedient of retaliation. Since the Articles of Confederation gave Congress no power to regulate commerce with foreign nations, the States alone could act upon such advice. Massachusetts adopted the suggestion of Adams, but found that it drove trade away to the neighboring ports. Virginia did the same, but found that she thereby benefited Maryland and the Carolinas. These things, together with certain commercial differences between the States, not only were the immediate causes of the drafting of the present Constitution, but they show how desirable the founders of the Government thought free commerce to be, and that restriction was originally entered upon as a temporary expedient for securing the largest liberty in trade in the end. Nothing can be more false, in the light of history, than the teaching that the country was ruined by free trade under the Confederation, and that the Constitution was made to save the nation by giving protection.

From the very first, the tariff legislation under the Constitution has been shaped and dictated by the great protected interests. The late President Garfield told Professor A. L. Perry, of Williams College, that while he was on the Committee of Ways and Means in Congress, "the individuals and delegations who came before the Committee to get new duties put on or old ones raised, came with the barest selfishness, and without a thought or a care but for the extra price of their products."¹ It should be a humiliating thought to every American that our legislation, especially in a matter so vital as taxation, has been so largely and so openly controlled by the great "interests." It would appear that the average Congressman has but little power to resist the importunities of "a strong vested interest" or a clamorous Congressional lobby. It may be

¹ See Perry's *Political Economy*, p. 479.

historically demonstrated that there never has been a tariff Bill enacted by the American Congress for purposes of protection that was not shaped, manipulated, and passed under the clamorous dictation of the very men who expected to reap profit by getting an artificial price for their goods at the expense of all the rest of their countrymen. As Samson's strength was in his hair, the strength of protection has always been, and still is, in the greed of men who expected to be enriched by this legislative levy upon the savings of others.

But although the protected industries have always controlled tariff legislation, there has always been a war of interests between them. An endless struggle for government aid began even under our first revenue tariff of 1789. The South, in which the planting interest was supreme, opposed the tax on steel and iron. New England wanted a tax on rum as a protection to her distilleries; but the South opposed it because that section imported rum from the West Indies in payment for lumber. The New England States from the first advocated the enactment of navigation laws to favor their shipping interests, — as though the country had not been protesting for years against that very thing, or as though the restrictions on shipping which were so destructive to our interests when applied by England, could be greatly beneficial when voted by ourselves! All other parts of the country opposed these laws as being harmful to their interests as buyers and not importers of foreign goods.

This conflict of interests and sections has been a prominent feature in the inner history of all our tariffs down to the present hour. From the Hamilton Tariff to the Morrill, so little respect was had for consistency in action or for merit inherent in the Bill that the very men who insisted on high duties on what their constituents produced,

argued for low taxes on what they would have to buy. Sometimes this conflict has been merely an acrimonious and shameful scramble for government favor,—producers of raw material clamoring for higher duties; importers opposing high duties as checking consumption, and thereby prostrating their interests; manufacturers demanding higher rates on finished products, but lower ones or none at all on raw material used by them. There have been times when the committee-rooms of Congress and the floor of the House appeared to be the scene of a mob-like tussle to see which industry and which section would win the lion's share of favors in the general distribution, and thereby be most successful in plundering all the rest.

Perhaps the most conspicuous example of this occurred in the closing days of the Forty-seventh Congress, in 1883. Both lobbyists and members threw off the idea of argument on the basis of good to the country, and in the hot rivalry of the various interests urged the single plea that they would be compelled to go direct to bankruptcy unless prices were stiffened by higher taxes. It appeared that almost every member had his special interest to advance; and hence reductions were stoutly resisted and advances as strenuously insisted on, to secure an artificial price to be paid by the consumers of the nation. Citizens burning with patriotism rushed to Washington to look after the main chance of Number One. Statesmanship consisted in each man building with one hand his own special Chinese wall of taxation in the interests of a class of his constituents as producers, and in pulling down with the other hand the wall of every other man in the interests of all the rest of his people as consumers. Congress was a puppet in the hands of a clamorous lobby. Pennsylvania, always in the front when a tariff is to be adopted or amended, never ceased to demand a retention of the high rates on iron and steel,

while, strangely in contrast with this zeal, her statesmen showed the greatest apathy when it was proposed to protect other articles which her people consume, but do not produce. Ohio led the clamor for protection on raw wool; Massachusetts, on woollen goods; Vermont, on marble; New York, on salt; Michigan, on copper; Maine, on lumber; Louisiana, on sugar and molasses; Virginia, on tobacco, — and thence on to the end of the list. This war of interests, now nearly a century in duration, teaches that protection is recognized as harmful in the aggregate, even by its advocates. The average Congressman has always voted for forty provisions deemed by him harmful, if the Bill did but coddle sufficiently his own specialty.

The fact is that no tariff legislation for protective purposes has ever been possible in the United States except through a compromise of interests. The various industries seeking protection have in every instance "pooled their issues" and met each other in a spirit of concession, ignoring the injury in order to secure the benefits coveted by each. There is no other way possible to spread the mantle of protection over such diverse and antagonistic interests. To be successful, every tariff Bill proposed for protective purposes must favor a long list of industries, and thereby control a majority of Congressional votes. The Morrill Tariff is an excellent illustration of this. After one of the seventeen successful Bills for its revision had passed, Senator James W. Grimes, of Iowa, wrote as follows: "You may rely upon what I say when I tell you that there were not three men in the Senate whose honest convictions were for the Bill. They voted for it by a sort of coercion, — one, because wool was in it; another, because iron was in it; another, because lumber was in it; another, because it contained a drawback on ship materials, etc.: but all condemning it as an entirety." Evidence of this kind is abundant on every

hand. Merit in a tariff Bill is not the thing that wins. Its success hinges on such an adroit recognition of interests, and such a skilful balancing of favors, as to coerce a majority of the votes. It may not be considered a crime in Congressmen that they should vote for a hundred harmful features of a Bill, since there is no other possible way to secure the one great benefit which their constituents demand. But the inquiry may well arise in the mind of every American voter: Is it possible that a system which always, and of necessity, compels practices of such questionable propriety can lie within the scope of honest and beneficial legislation?

Protection in this country began avowedly in the interests of a class, — the shoe-manufacturers of Lynn. They found difficulty in competing with the foreign-made goods, and hence, at the suggestion of Mr. Madison, afterward President of the United States, a petition to the Legislature of Massachusetts was drafted and numerously signed, asking for a tax on foreign shoes. The Legislature indorsed the petition and sent its own petition to Congress, and that body enacted the law. This Act was supplemental to the Hamilton Tariff, passed two years before, and was the first distinctly protective measure ever enacted by Congress. From that day to this the tariff has been the most conspicuous illustration of class-legislation to be found in all our Congressional annals. This is not an accident. It is in the nature of things; for though the classes have sometimes been rather numerous, the precise amount of encouragement to be accorded to each has always been a matter of separate consideration and adjustment. Class-legislation has always been considered the most odious kind of law-making, since it proceeds upon the practice of discrimination and partiality. Yet it remains with us to-day as a necessary part of the protective system.

A study of our tariff history shows how protective schedules spring up and grow. Shoe-making received an impetus from the first protective Act, when other manufacturers, with a keen eye to business, sought to receive for their interests a similar discrimination. Thus the list grew in length, the duties being adjusted to meet the supposed necessities of the American manufacturers. Sometimes the home-producer would not at once have been relieved of foreign competition without such duties. Sometimes, on the other hand, they were simply an offset to the ignorance and unthrift of the manufacturers. The producers of raw materials have never been far behind the makers of finished products in the race for government bounties. This in turn nullified a portion of the benefits granted to manufacturers, so that there has always been another well-founded demand from the latter class to be indemnified for the increased price of their raw materials. Thus the pyramid of protection, standing on its apex like a growing polyp, has loomed upward from year to year, the figures mounting higher, while the list of articles lengthened, till there arose a legal barrier to trade so high that the lower-priced products of Europe could with the greatest difficulty overleap it to bring the boon of cheap goods to the American consumers. When there comes a revolt of opinion against this state of things, as there always has come at intervals, the platform of high protection is abandoned, and the downward steps are taken toward unobstructed exchange.

Our experience, as under the Walker Tariff, has shown that low duties, laid chiefly for revenue, will produce a steady and reliable stream of income. But when the duties are placed high for purposes of protection, as under the Morrill Tariff, they will at one time be entirely prohibitory, and make the home-producer a monopolist ; at another time they will be simply protective, both foreign and domestic

sellers entering our markets at the enhanced price ; at another time they will be nearly non-protective, yielding revenue alone. This condition springs from the fluctuations in the price of goods both here and in Europe, and from the inflexible nature of tariffs. Hence protection as a system is so unbending and so at variance with the self-regulating course of all free exchange that scarcely a Congress passes without recasting the tariff, which was perhaps well balanced at the time of its adoption, but which within a few months fell out of harmony with the state of trade. In ancient mythology Sisyphus was condemned by the gods to roll a huge stone to the top of a mountain. Just as he had with infinite toil placed it in position, it was fated to break away from him and roll to the valley below. Thus his labor was without end. The efforts of protectionists to place and keep the tariff in proper position with reference to the industries of the country remind one of this endless toil of Sisyphus.

Those thirty words of Hartley, of Pennsylvania, in the First Congress, contained the very soul of the issue in all subsequent contests. He demanded protection "without oppressing other parts of the country." The lesson of instruction is the concession that the nature of protection is to "oppress other parts of the country." Sometimes protectionists deny this in their guarded utterances, but they never do in their acts ; their position being that while protection is a harmful tax on some industries, it is so manifestly an advantage in others that its influence in the aggregate is beneficial. Whatever may be thought of the correctness of this conclusion, the concession which accompanies it is so unquestionably true that it marks protection as a partial and discriminating system, which blesses some and curses others.

It was so distinctly admitted in the early history of our tariff

legislation that protection is harmful in at least some of its features as to be conceded by its friends that it should be merely a temporary measure, and should be tolerated only so long as might be necessary to place struggling industries upon a basis of self-support. This was the opinion of Hamilton, the father of protection. It was the judgment of Henry Clay, expressed on many occasions, that protection should not be extended to every industry, but only to those of national importance. Nowhere in the speeches or the writings of the fathers do we find protection advocated as a system that can be wisely made universal in its application, or permanent in its duration. Even as late as 1861 Congress began and carried into effect the most extensive system of taxation ever attempted, on the plea of necessity for revenue. The country bore the burden without complaint, since it was a matter of vital importance to have large incomes to furnish momentum to the war. It was a patriotic duty to pay the taxes; and the enormous burden met the public approval for this reason alone.

It was not till peace returned that any prominence was given to the argument that protection is beneficial in itself, and should therefore be made the settled policy of the nation. But even during the war the idea of revenue was abandoned in practice, though not in theory. There were not wanting many capitalists who stood ready to enter upon the manufacture of everything known to trade, if they could only be guaranteed against loss at the public expense. To favor these, the rates of duties were raised to a point above that at which the maximum of revenue was attainable, and thus the tariff was already fully in accord with the wishes of the most radical of the protectionists. Thus the people, absorbed in their affairs at home, have allowed the matters of taxation and revenue to be manipulated by the cunning and the selfish in their own interests. Of the

more than twenty years since the return of peace, five were years of business depression unprecedented within the memory of living men, during which time the mountain of protection was still supported by the struggling masses in the interests of the favored few. And to-day, in a time of profound peace, that system, which in all our history has been regarded as temporary, as having reference to the time of its own extinction, and as an evil to be submitted to for certain supposed objects of importance, with revenues more than \$100,000,000 annually in excess of our extravagant expenditures, — that system is now declared to be the wise, mature, and final fiscal policy of the nation.

In one or two respects the Morrill Tariff has scored a brilliant success for its doctrinaires. It has so raised prices as to offer but little barrier to importation, as will be shown. This fact has both enriched the protected manufacturer, and yielded revenue in excess of our extravagant needs. This surplus revenue, however, has been a source of embarrassment to the protectionists in Congress. It was more inconvenient than a deficiency. It directed, like a sign-post, the public attention to the unnecessary burdens of the people.

At first it was proposed to spirit away the surplus by river and harbor appropriations. A college professor, under the smoke-stacks of Pennsylvania, proposed to bribe the people with their own money by returning the surplus *pro rata* to the States. Another proposed to build up levees on the Mississippi. Another hoped to capture the assent of the educated classes by proposing to endow the States *pro rata* to their illiteracy with millions for educational purposes. But what was actually done? First, the income-tax was stricken off, at the demands of the wealthy and influential. Then nearly all the excises were repealed, one after another. Then tea, spices, and most other articles which yield revenue

but no protection, were placed on the free-list. Then the revenue tax was stricken from coffee, under the plausible but misleading plea of "a cheap breakfast-table for the laboring-man." In 1883 about twelve million dollars a year was lifted from the broad shoulders of the bankers by the repeal of the tax on bank deposits and checks. Protective taxes were almost untouched. Thus the record shows that by extravagant appropriations on one hand, and the remission of revenue taxes on the other, more room was made for the system of subsidies and favoritism. But the burdens imposed by protection remain to this hour almost as heavy as they have been at all.

Protection has been called the "American System." Henry Clay is responsible for the misnomer. In the early days, as we have seen, free trade or reciprocity was earnestly desired with other nations. But some of the nations, as England, would not enter into reciprocal relations; and hence the plan of laying countervailing duties to compel reciprocity came, after a time, to be called the "American System." The first two decades of this century was a time of retaliation; and there was scarcely a nation whose statute-books were not blemished by provisions to injure their neighbors. On May 3, 1815, Congress, in order to secure the greatest freedom of exchange, repealed all discriminating duties and tonnage taxes in favor of any nation which should do the same thing in favor of American ships and commerce. It was not till 1824 that by a further perversion the name was applied to protective duties. Since that day the name has been given to protection, as though it were something peculiarly American, — a new product of our soil, — instead of being, as in fact it is, a relic borrowed from the fading institutions of Europe.

But so manifest have been the advantages of reciprocal free trade between nations that our Government, even when

protection was in the ascendancy, has not ceased to favor treaties of reciprocity. Our treaty with France in 1778, providing for free exchange between the two countries, was only the first of many. Even extreme protectionists admit that unrestricted exchange between our country and another is a benefit to us, except in the case where a foreign country can "inundate" us with its products at half price, in competition with our own.

We had reciprocity with Canada for twelve years, from 1854 to 1866, the treaty being terminable by either Government on giving notice, which the United States did in the latter year. Thus for five years, even under the Morrill Tariff, we had reciprocal and partial free trade with our northern neighbor, — to the acknowledged advantage of both banks of the St. Lawrence. It would probably be in existence to-day, had not one or two interests on this side clamored for its cancellation, — to the manifest detriment of the entire country. At the present time we have a treaty of reciprocity with the Sandwich Islands. Its advantages are generally acknowledged by all classes of political opinion, and by all interests, — unless it should be the sugar-planters of Louisiana.

When General Grant was President, he was zealously in favor of the purchase of San Domingo, giving as a chief reason therefor that we could then have free trade with that sub-tropical island. It is now known that it was a cherished plan of President Garfield during his term to urge upon Congress the purchase of Cuba, not because the United States was too small, but solely to secure the blessings of easy and free exchange with that Queen of the Antilles, the benefits to the entire people outweighing in his consideration the interests of a few cane-mills in Louisiana, a few orange-groves in Florida, and a few tobacco-farms in the Carolinas.

The railroad has now penetrated Mexico from the United States. Soon the question will be pressing for answer : Shall thirty-eight States have the blessings of reciprocal trade with a semi-tropical land just at our doors, or shall they, in order to secure its products, pay tribute to a few plantations on this shore of the Gulf and on this bank of the Rio Grande?

The Morrill Tariff, as we have seen, was framed and enacted as a war measure. The country was entering a contest of such magnitude as to enlist its every resource, and of such importance that the national existence itself was the issue. Surely it needed its powers free. It needed to be at its best. It was no time for handicapping itself with burdens. The chief thing was to obtain the maximum of revenue at the least expense to the people. It was the most unauspicious time in all our history for loading down the productive powers of nine tenths of our people with a protective tariff under plea of encouraging domestic industries. Something more illogical and inconsistent may arise in the future ; but certainly never in the past was the patriotism of the people so cunningly used to further the selfish ends of individuals, nor the real interests of the nation so sacrificed by crude experiments in legislation. Thus the protected industries grew strong under government favor, and for years their commands have been obeyed at Washington, while "the still small voice" of public interest has been too often unheard. As the years have passed away since the close of the war, the people have been left to bear upon their shoulders, like Atlas, the burden of taxation laid in the interests of classes ; and so utterly without precedent in the world has been the productive energies of the country that it has not been crushed under the load. Our age does not afford a parallel of such patient submission of a people under the heavy

hand of taxation. When the patriarch Jacob was blessing his sons as he lay on his death-bed, his language to Issachar is peculiarly appropriate to the American people to-day : "Issachar is a strong ass, couching down between two burdens : and he saw that rest was good, and the land that it was pleasant ; and bowed his shoulder to bear, and became a servant unto tribute."





CHAPTER VI.

SOME ECONOMIC PRINCIPLES UNDERLYING THE TARIFF ISSUE.



ANIMALS below man find and collect the things to satisfy their wants, but they never exchange or produce. Man is the only producer and exchanger. No Eskimo is too stupid to barter his dried fish for seal-skins and porpoise-fat. Even the savage is cunning at a bargain, and tries to get the most for his wares. Civilization can not exist without exchange ; and the higher the civilization, the greater its volume and variety.

All men are in pursuit of value, not because money is good of itself, but because it will enable them to gratify their desires by exchange. First, there is the production of value, then the distribution, then the exchange, and then the consumption. A tree is planted in Florida. After some years it bears an orange, which is carried to New York and exchanged for a coin. The purchaser parts with the reward of his own labor in order to gratify his desire to eat a tropical fruit without the inconvenience of producing it in his colder latitude. On the other hand, the Florida orange-grower chooses to purchase with his surplus

fruit a pair of boots made at Lynn, rather than attempt their manufacture at home.

The buyer wants something else more than the money he gives for it. The seller is glad to part with his goods in order to get the money to buy the things he needs. Both are pleased and profited. All trade, therefore, is really the barter of one product for another. Money is only the medium of exchange. It can satisfy no desire of itself. Any man would do as Robinson Crusoe did on the shipwreck, — neglect the chest of gold, and choose instead such commonplace articles as an axe, a gun, a rope, and a bag of seeds.

Not even in barbarism, and far less in civilization, does any man try to produce by his own labor all those things necessary to satisfy his desires. He must produce a surplus, else he can not command the surplus of others; but having a surplus, he has an instinct to buy where he can buy the cheapest, and sell where he can sell the dearest. Each producer must first render some service to others before he can receive one himself. Thus every man is on the alert to do the most for others, in order that he may get the greatest reward to himself. This is the basis of civilization. But for it we should never have emerged from barbarism. Thus a man, a community, a nation, becomes wealthy.

A man gains by what he sells, else he would not sell. He gains also by what he buys, else he would not buy. All men abhor a bad bargain. All exchange is based upon the idea of profit; and if it be wanting, trade can not exist at all, or having an existence, can not continue. The very fact that trade exists between men or nations is itself a proof that the exchange is mutually profitable. Since it is advantageous to both parties, no law can repress it, and it is too spontaneous to need any attempt of law to stimulate

it. True, there is an antagonism between the seller and the buyer ; but unless the exchange can be made profitable to both, the business does not go forward to consummation.

The same thing is true of nations. A nation's trade is but the sum of many individual exchanges ; and hence the aggregate must be as profitable as are its parts. Hence the old idea of the Mercantile System, that one nation gains, while the other loses, by exchange, is a fallacy. One man's enrichment after honest trade implies another man's enrichment, not, as the common notion still asserts, another man's impoverishment. We buy our coffee in Brazil for no other reason than that we can buy it more cheaply than we can produce it. Men do not trade for pleasure, and there is no possible explanation of traffic, except the mutual profit which results.

In Nature there is the greatest diversity of powers and adaptations. One man can most profitably labor in shoeing horses ; another in making clothes ; another in curing disease ; another in pleading in courts ; another in preaching the Gospel. Men do not try to pursue every vocation, but they prefer a chosen one, in order that by singleness of purpose they may outstrip others and produce a greater abundance and a better quality of goods for the world's markets. If this were not a wise course, it could not be universally adopted.

Let us see how acquired skill operates as between a carpenter and a blacksmith. Every man can drive a nail, and every one can hammer iron. Even before they learned their trades, each could do something in the field of labor chosen by the other. Let this natural efficiency of each be represented by 1. But by mastery of his trade, by practice and diligence, each has become so expert in his own occupation that he can despatch more work and of a better quality than before, so that he has raised his efficiency to

5. Now, if the carpenter employs the blacksmith to shoe his horse, he gains 4 more than he would by doing the work himself. The blacksmith will employ the carpenter to build his house, since he will gain 5 by doing so, while he would gain but 1 by doing it himself. Hence there is a gain of 10 by the exchange of labor, while there would be a gain of only 2 without the exchange. The net gain is 8.

But let us suppose that while yet an unskilled worker, each should receive one dollar a day as wages. Reason would say that after becoming expert in their trades each man should receive five dollars a day. But they do not receive such a sum. They think themselves fortunate if their skill shall double their receipts, and give them two dollars. Thus if the carpenter employs the blacksmith, or *vice versa*, he receives the worth of five dollars in labor which cost him but two dollars. When each workman has made his labor highly productive, he stands ready to exchange his skill for the products of others on terms even more advantageous to them than to himself. It is thus that men and nations are profited by exchange. The buyer is profited by gratifying his desires at what to him is a diminished cost; and the seller is benefited by disposing of his surplus productions at what to him is an increased compensation.

The same diversity of advantage exists in nations. Brazil yields coffee; Cuba, sugar; Jamaica, bananas; China, tea; Africa, ivory and diamonds; Alaska, seals; the United States, grain, meat, and petroleum. By special endowment of nature almost every part of the world has some article which it can produce better than other countries. The very purpose of trade, and the only purpose, is to take advantage of this cheaper production. Remove this inducement, and foreign trade would cease at once, the ships would rot at the wharves, and each nation would

begin to practise, like China and Japan, isolation and self-sufficiency.

Tea can be grown in China at twenty cents a pound, and in Tennessee at fifty dollars a pound. The difference is the measure of advantage to be secured by purchase rather than by production. For the same reason, Minnesota raises wheat instead of cotton; Manitoba raises oats, but lets Aspinwall produce bananas. Iowa wisely raises corn, but buys oranges in Florida. So manifest are the advantages of both domestic and foreign trade, based upon greater advantage of climate, natural endowment, or acquired facility, that men everywhere, when left to act voluntarily, avail themselves of its benefits.

All countries are in a condition of dependence. No land can produce all that its people will require; and the farther men advance in civilized life, the more varied and extensive will be their demands upon the special advantages enjoyed by other nations. It would seem, therefore, that all interference with this trade by making exchanges fewer and more difficult, must lessen the comforts and reduce the profits which result from a free intercourse. Business needs no stimulus, but freedom.

In our country, Government is simply a committee of citizens appointed to look after certain important interests for the entire body of people. This committee is seldom any wiser than the average head, or better than the average heart. To inform men, therefore, with whom to trade, and to show them what exchanges are profitable, is a function that Government never has done, and perhaps never can do, successfully. When Colbert asked the French merchant Legendre what the State could do for the commercial part of France, the latter made the laconic reply, "Let us alone." When Alexander the Great visited Diogenes sitting in his tub, the conqueror asked what handsome thing

he could do for a philosopher. The Cynic answered, "Stand out of my sunshine."

Law never created anything. It may acknowledge a right, and point out justice, but it is not the parent of either. Taxation has but one voice. Its only words are those of the highwayman, "Stand, and deliver!" Unless law can in some way add to the products of the country, it will never increase its wealth. It can never increase the capital, though it may divert it into new channels. It can never increase the products of labor, though it may turn labor from one occupation to another. It can never promote trade, since the maximum of exchange will exist only under freedom. It can not increase consumption, since men will satisfy the greatest number of desires when left free to consult their whims.

Since law is not a producer, it can only operate to take value from one man and pass it over to another. When that is done by an individual, it is called "robbery;" when it is done by Government, it is called "protection." Law can thus benefit designated industries, but it must always be at the expense of others. We can no more augment wealth by a mere distribution of it by force of law, than a boy could lift himself over the fence by his boot-straps, or a man sail across a lake by using a bellows to make his wind.

Gravitation governs the material world no more harmoniously than the natural laws of trade govern all exchange. Labrador has a barren soil and a bleak climate. It would be tyranny to compel men to live there, under the plea that it is necessary to distribute population. Is it not equally as unwise and almost as tyrannous to make laws to seduce men from profitable occupations into unprofitable ones under the plea that it is necessary to develop resources? Population and industry will flow spontaneously to the

places where they can most profitably employ themselves. Sahara is an ocean of dry and shifting sand. Would it be good sense to attempt to start there a rice-swamp, under the plea that it is necessary to diversify industry? Industries will start into being at all those places which are fitted for them by the endowments of Nature. If an industry does not start at any given place, it is fair to infer that the business can not be conducted at that time and place, except at a loss as compared with other places more favorably situated and better endowed, and as compared with other industries then and there in operation. If, on the other hand, the conditions be favorable, it will spring into activity of itself, not only without legal encouragement, but, as shown in our colonial history, in spite of Government repression. It is not a mere accident that silver-mining flourishes in Colorado, iron-making in Pennsylvania, cotton-weaving on the Merrimac, shoe-making at Lynn, corn-raising in Illinois, or wheat-growing in Manitoba. Neither are they creations of human law. These industries are the creatures of natural law; and the moment that any human device enters either to repress or stimulate them, it works mischief, — mischief of the same kind as a boiler-maker in a jewelry store, or a bull in a china-shop.

The country having superior facilities sells its cheapened productions on the basis of their cost under favorable conditions, and not on that of their cost in the purchasing country. Tea is cheap in the United States solely because it is produced cheaply in China. If, therefore, silk culture can be carried on in China more profitably than in New Jersey; if diamonds can be found more cheaply at Cape Town than in North Carolina; if sugar can be made more cheaply in Cuba than in Maine; if cottonades can be manufactured more advantageously at Manchester than at Lowell, — it can not fail to entail a loss upon the purchasers of these goods

for Congress to try to nullify by restrictions and taxes the peculiar advantages enjoyed by these foreign countries.

Yet this is just what protection would do. It proceeds upon this fundamental assumption: It is necessary to equalize the facilities of production. It is necessary to nullify by taxation each of the special endowments of other countries, in order to force our people into the production of those articles which, if left alone, they could buy more profitably abroad. Participation in our markets on the part of a foreign nation having natural or acquired advantages is an evil not only to the American producer not having those advantages, but to the country at large.

Protection says it is better for us as a nation to produce the goods we need, even though it should be under harsh conditions, than to purchase them from more favorably endowed foreigners. Will this statement stand a close examination? Here is an illustration: An American farmer has raised five bushels of wheat, and wishes to exchange a part of it for woollen cloth. The imported article can be brought to his town and exchanged for the same price per yard as a bushel of wheat. He makes the exchange, and now owns four bushels of wheat and one yard of cloth. If any one in the country could make a yard of cloth more cheaply than that, it would have been done. The farmer buys in the cheapest market. Since no one has begun to make cloth, it shows that wheat-raising is more profitable than cloth-weaving. But the Government considers it highly desirable to stimulate the production of cloth. To encourage the new enterprise, it restricts the importation of the foreign article by taxing it to the value of half a bushel of wheat on each yard. Not a yard of imported cloth can now be offered for less than a bushel and a half of wheat. The farmer buys a yard as before. But what has become of the half-bushel of wheat? It was first paid by the im-

porter into the treasury of the nation, and he was reimbursed by the farmer. The importer is not affected, the treasury is gainer, and the farmer is loser.

But since the price of cloth has been raised fifty per cent by the tax, it is perceived that cloth can now be produced in America at the increased price. Capitalists therefore erect mills, and sell their cloth at the price of one and a half bushels of wheat for each yard. The farmer again buys a yard. Whither does the half-bushel of wheat go now? Not to the treasury, not to the importer, though it has gone from the farmer. It has gone to the home manufacturer either as a bonus, a subsidy forced by law from the pocket of the purchaser, or else it has been absorbed to make up to the manufacturer the natural losses in his business. If it was not a pure gratuity, it must go to set him square in an otherwise losing industry. It was, then, a loss to the purchaser of the cloth, but a gain to no one. It was a tax with which Governments hire men to fight against Nature. It is what consumers pay for the privilege of forcing an industry into existence when the laws of Nature and of trade forbid.

In such a case, it is true that labor has been diversified by law. Under the operation of protection our attention is frequently called to the fact that "our industries have been diversified and enlarged." But often the parallel fact is lost sight of, that the "diversity" was solely produced by calling men from a business that was profitable, into one which at that time and place was unprofitable. It may not be so easy in all cases to see the second half of the truth, that the "enlargement" was at the expense of all purchasers, and to the profit of no one. Protection is bold enough and honest enough to avow that if we can not compete with foreigners in lines of production in which they excel, it is a mark of wisdom to stimulate domestic production by

raising the price to all our people, and by flinging away all the advantages which the foreign facility and cheapness would bring us.

It is not strange that an occupation which is unprofitable may be galvanized into activity when all other industries are levied upon to support it. But it is a wide hiatus in logic to draw the conclusion that the diversity thus caused is a proof of prosperity. When each person supports himself, the gain is greater than when the industrious and the thrifty are saddled with a tax for pauperism and indolence. If one industry is taxed to support another, the money taken is so much loss entailed, so much capital sunk, and so much drawn from the aggregate national gain.

Again, protection assumes that while it is natural that men will seek the occupation which is most profitable to themselves, it is not best for the whole country that they should do so. In the First Congress, Fisher Ames, of Massachusetts, made this transparent admission: "In America invitation and encouragement are necessary. Without them infant manufactures droop, and those who might be employed in them, seek with success a competence from our cheap and fertile soil." This means that agriculture was so profitable in 1789 that it was necessary so to reduce the profits of farming, and so to increase the profits of manufacture, by protective taxes that men would no longer seek a livelihood from the soil.

Nature made the surface of the earth diversified by hills and valleys. But when a railroad is to be constructed, the engineers cut down the elevations and put them into the depressions, to make a uniform level. So protection would reduce the profit of a business specially blessed by Nature, and hand it over to those less favored by climate or situation, to make an even plane of advantage.

Protection asserts that while some industries may be unprofitable, it is better that they should be carried along by the productive energies of the country, than that they should go out of existence. It further asserts, and proceeds upon the assumption, that a country should produce within itself all that it consumes ; or, to speak with more precision, that it should produce everything that can be produced, even at a great disadvantage ; and that if we should not promote by law the cultivation of such articles as tea and coffee, it is only because Nature has made it not only difficult, but impossible.

On the other hand, the doctrine of free trade assumes that each nation has its natural advantages, and that profitable commerce consists in buying in the cheapest and selling in the dearest market to be found in any part of the world. It asserts that true wealth consists in an abundance of good things, not in high prices or in gold ; that taxation is an evil which must be borne by consumers, and that it is paid out of the savings of labor ; that manufactures will spring up spontaneously whenever and wherever a reasonable profit can be expected ; that true economy would lead the nation to satisfy its wants by purchase if it can be done by a less outlay than by production ; that neither men nor nations are at the height of their wealth-producing capacity until they are free from all dictation of Government. Free trade confesses to a love for an open field and for fair play. It sees a surpassing beauty in an unhandicapped, free-for-all race in business.





CHAPTER VII.

IS SCARCITY BETTER THAN ABUNDANCE ; DEAR-
NESS THAN CHEAPNESS ; OBSTACLES THAN FA-
CILITIES ; LABOR THAN LEISURE ?

ALL buyers desire to find cheapness in the market. They hope also to find abundance ; knowing that it is one of the conditions of cheapness. On the other hand, the seller desires that there may be a scarcity, knowing that he may then expect a greater profit ; hence scarcity is desirable. An Iowa farmer declared that half a crop of corn is better for the country than a full crop, since it might double the price, making the cash yield the same, while the farmers would not have the labor of harvesting such a bulk of cheap grain. All other producers might desire scarcity of their products in the hands of other people, but they must want abundance in their own. Since sellers desire a dear market, there has grown up a widespread belief that scarcity is better than abundance, and dearness than cheapness. The American farmer who secretly rejoices when he hears that the wheat-crop in Europe is a failure, since it may have the effect to raise the value of his own grain, is a believer in scarcity. Manufacturers who combine and form "trusts"

in order to reduce the output in their line of production, must believe that abundance is an evil. In this way all branches of business abhor abundance, and if they should have legislation at their command, they would find it to their interest to enact laws forbidding competition. This has been often done. This was the origin of the exclusive companies and close monopolies which in past ages proved such a commercial blight in Europe. But since in America competition can not be avoided with any show of reason by prohibiting home production, it takes the form of restricting foreign importation. This is the real significance of all our protective tariffs. They have been adopted at the demands of those able to influence legislation, with the fundamental object of creating an artificial scarcity as a means of causing an artificial increase in price. If an individual producer through legislation should obtain power to cut off competition with his products, he would secure a monopoly; he would prosper at the expense of all his fellows; and public indignation would be quick to condemn both him and the law, — the country would be on the retreat to barbarism. But when this evil is made as extensive as possible; when it is applied to a hundred industries instead of one; when competition is cut off from a million persons; when it is applied, not to one article, but to a thousand articles entering daily consumption, and used by the poor as well as the rich, — then it is seriously proposed to call it a benefit. Individual scarcity is a confessed evil; but universal scarcity is proclaimed as an unmixed blessing.

The individual producer is logical and correct from his selfish point of view. The Iowa farmer, in regretting the large corn crop, could see no farther than his own interest, and he reasoned well for such a small horizon. His mistake was in not seeing the great outlying world, and that

whether prices of grain were high or low, a full crop was just twice as beneficial as a half, since it would satisfy twice as many wants. Protection is based upon the same fundamental mistake. The fact is overlooked that products, and not money, constitute wealth, and that the latter is desirable only because it will command the former.

Plenty is so desirable that all business life is planned to secure it. This in its turn brings such a degree of cheapness that more desires can be gratified, the number of purchasers increasing in a greater ratio than the decrease in price. Because Brazil produces coffee in abundance and with ease, Rio Janeiro sends us the berry, not at one tenth of what it would cost us to produce it, but only at the cost of tropical production plus transportation. Thus we could run the pencil down the entire list of foreign commodities. The whole earth is ready to pour its wealth of cheap production into our laps at a cost more advantageous to us than to itself. How short-sighted and mistaken is the policy of cutting ourselves off from the enjoyment of all this foreign plenty and cheapness, in order that we may laboriously and expensively produce the goods ourselves! To call such a thing a public advantage, sounds like one of Dean Swift's satires.

When Ohio entered the Union, the United States contracted to build a road across the mountains to connect the new State with the seaboard. This National Road was thought to be a benefit. Were the men of that time under a delusion? All persons instinctively rejoice at a new discovery or invention which lessens labor or facilitates intercourse and transportation. Private capital has built railroads, constructed ships, opened harbors, and dredged rivers to facilitate communication, with the idea that this would be an advantage. Is this a mistake? Congress appropriates millions for river and harbor improvements.

We do all we can to make exchange easy ; but as soon as we begin to succeed, and the goods begin to flow in at reduced cost, we lay a tax to keep them out. We dredge out a sand-bar or blow up Hell-gate from the bottom of a river to render commerce easy, and we then set up a custom-house on its banks to render it difficult. We rejoice when ships are built to enter upon foreign commerce, and then we pass laws which forbid them to bring foreign goods to our shores. We throw bridges across the St. Lawrence and the Niagara to facilitate intercourse with Canada ; but as soon as they are completed, we station a custom policeman on our end of the bridge to render communication difficult and expensive. During the Rebellion we put a blockade along the coast of the Southern States to cut off their foreign trade, and thus injure them ; we now put a line of custom-houses along the same coast to cut off the same trade, and thus benefit them. Every month the Government publishes a volume of "Consular Reports" to facilitate trade with other countries, and at the same time continues in existence a protective tariff whose object is to prevent this trade. We enact navigation laws to force our people to build ocean-going ships, and we then declare by the pen of one protectionist writer, "It would be a benefit to America if the Atlantic were a sea of fire." We have ships to promote, and tariffs to prevent, importations ; machinery to cheapen, and tariffs to make dear. In a word, we do all that we can by mechanical appliances and by our inventive talents to annihilate time, distance, and all other *natural* obstacles to foreign trade ; and forthwith we set up all the *legal* obstacles to prevent it that the ingenuity of man can invent, and the patience of the people will permit. This is one of our economic paradoxes. Thus does statesmanship become inscrutable.

The essence of protection is the placing of obstacles in the

course of foreign trade. It thereby promotes scarcity, and is an obstacle to exchange, in the same way that a bad road, a steep range of mountains, a deep river, or a wide ocean is an obstacle. We try to overcome the one, but deliberately perpetuate the other, — and that too when the removal of the natural barriers is difficult and expensive, but the removal of the legal ones can be accomplished by as easy a thing as the casting of ballots or the call of a roll.

On the very coast of Nova Scotia, near the United States, are valuable coal mines, from which fuel might be cheaply and advantageously bought by all New England and the cities and States of the coast as far south as Florida. But some coal mine owners of Pennsylvania object to this ; and hence a protective tax is placed on coal, which has the effect of making it as difficult and as expensive for our coast States to supply themselves with fuel as though the mines of Nova Scotia were situated two hundred miles in the interior, beyond hills and rivers. Protection does not hesitate to say that this increase of difficulty in obtaining coal is an advantage, since it develops the coal interests of Pennsylvania, and compels people to buy in the more expensive market. If this be a benefit, the removal of the Nova Scotia mines a thousand miles from our seaboard would be a still greater advantage ; and to sink them in the midst of the Atlantic would be the maximum of benefit.

It has always been supposed that it is very desirable to secure the maximum of products with the minimum of labor. Perhaps the man will never be found who would voluntarily undergo the greater labor instead of the lesser in producing a given result. But protection denies this ; and by throwing obstacles in the way of exchange, asserts that effort is better than ease, that labor is better than leisure. Protection is sought for chiefly because it causes a

rise in prices ; and hence it means greater labor to earn the things to satisfy our desires. It was said by an American statesman, speaking deliberately on paper, that "Labor is the wealth of the country." It might be supposed that he meant the *products* of labor ; but it is a favorite axiom of protectionists that labor itself should be abundant, that the country may be prosperous. When protection has caused a general rise in prices, and has thereby increased the labor necessary to secure a given commodity, we are immediately called upon to witness the evidences of prosperity. The laborer with a wife and six children to support, is pressed down by the abundance of labor and the scarcity of products, and he finds the conditions of existence harsher than before. No share of the prosperity comes to him. He would prefer, and so would every one else, a system of greater cheapness and less effort.

Suppose a woollen blanket from England can be sold in the United States for \$3.00, and that labor is worth \$1.50 per day : the labor of two days will buy the blanket. But Congress, in order to "protect labor," places on blankets an import tax of a hundred per cent. The foreign article can not now be sold for less than \$6.00, and the workman will toil four days to get it. Thus Congress has at one stroke of policy subsidized the American manufacturer, increasing his profits at least fourfold, and stimulated labor so far as to double it. The country has advanced from one price to two prices, from one measure of labor to two measures, and we are called upon to felicitate ourselves over the advances in wealth. Truly, if labor be riches, the country is twice as wealthy as before ; but if products be riches, it has become poorer. Thus law "makes labor abundant" in the same way that a dull axe makes the labor of a wood-cutter abundant, or a rain on the hay-field makes the labor of the farmer abundant. All men in their own private

business assume that the gain is the greatest when the ratio of labor to product is the least. But protection assumes that the gain is greatest when the ratio of labor to product is as great as possible. When "put to its logical limit," as a mathematician would say, its teachings may be stated in epigram as follows: "Labor, infinitely great; product, infinitely small."

The opinion was once very current that labor-saving machinery would injure working-men by taking labor from them. Both in Europe and America riots have often arisen to resist the introduction of machinery. In America it was seriously and widely believed that steamboats would ruin the business of sloops, that railroads would bring disaster to stage-drivers and teamsters, and that the sewing-machine would reduce the sewing-women to starvation. We now see that the real thing desired was not labor, but the products of labor; and since these have been vastly increased and thereby cheapened by machinery, the old fallacy is apparent enough.

The breaking of improved machinery by a mob is in effect the same thing as the rejection of foreign commerce by law, since both are a refusal of the advantages which cheapness and plenty bring. If effort, and not product, if dearness, and not cheapness, if scarcity, and not plenty, if labor, and not leisure, are the objects to be attained, — as protective duties would lead us to believe, — the farmer at harvest-time should discard his self-binder for the original McCormick, then reject it for the cradle, and then it for the sickle. Logically, he should throw aside his chilled plough for the cast-iron share, it for the wooden mould-board, it for the hoe, it for a squaw's clam-shell, and it for the finger-nails of a Digger Indian. Thus he would realize the ideal dream of protection, — labor rising into infinity, and product sinking into zero.

For centuries steel has been an article of the first necessity among civilized nations, but its production has always been expensive. Some years ago Henry Bessemer, of England, discovered a process of making steel cheaply. All the world rejoiced at the great invention. We were not only to have cheap cutlery, but we were even to have steel rails for our railroads. In all steel articles the era of cheapness had come. But no sooner had the invention shown itself to be a success than Congress was button-holed and log-rolled till it placed a tax for protective purposes upon English steel. From that day to this we have voluntarily surrendered in the interests of a few owners of iron and steel mills a large share of the benefits which the discovery and the consequent cheapness would have brought us. We thought ourselves fortunate at the announcement of the discovery; we now think ourselves fortunate in rejecting its benefits. Our first impulse was that when the process of manufacture was cheapened more than a thousand per cent, it would be an advantage to all the world; but it is now our deliberate second thought that the best way to increase our riches is to resort to more expensive modes of manufacture, to bar our doors against foreign steel seeking entrance, and to turn coldly away when the world offers the results of a cheapened production. This is exactly the old fallacy of rejecting improved machinery, which, had it been successful, would have carried the world back toward barbarism.

But the doctrine of abundance and cheapness is confronted with the plea that without duties which either restrict or prohibit importations we should have an "inundation of foreign goods." Our markets would be "flooded." We should have a "deluge of the pauper-made goods of Europe." There would be an "invasion" of English products. These metaphors are startling. They

suggest a Noachian flood, or the march of an invading army. They strike terror into the superficial, and leave the rather hazy impression that in some way not clearly understood, protection has saved the country from a great calamity. Like the outstretched hands of Moses at the Red Sea, it holds back the threatening floods. Can this couching of arguments in metaphors really mean that protectionists fear the "floods" because they are aware that their "house is built upon the sand"? It is at least a confession that protection is an obstacle to exchange, that it creates dearness, promotes scarcity, and that free trade would bring in cheapness. Such acknowledgments are not to be overlooked.

On what terms is this flood of good things offered to us? If it comes as a gratuity, can we do better than accept the gift? Shall we be ruined by enjoying the free bounty of the world, any more than we are by enjoying the free air and sunlight? But if not a gift, should it not be only a little less acceptable because it is offered to us at prices greatly less than our own producers are able to name? If a flood of cheap goods comes, shall we not still "stem the tide with joy"? By what trick of logic do protectionists agree that a gift is an advantage, and assert that high prices are an advantage also, but that the intermediate low prices are a positive detriment to the country? If foreigners are able to bring their goods to our shores and to offer them "at prices ruinously low," is there any good reason why we should restrain them?

The foreign goods seek admission to our markets because we are able to pay for them, and because, like men everywhere, we prefer cheapness to dearness. The greater the wealth of a country, and the greater the riches of its products, the more it will be "flooded." Patagonia and Greenland are never "inundated." The flood of European

products does not submerge those poverty-stricken lands. It would be so easy for European products to sail across the Mediterranean and "invade" the Sahara Desert; but they never do. Why should they rather cross the great Atlantic and enter our ports while "advanced statesmanship" is doing its best to keep them out? Nothing except our wealth and the good things which we can offer in exchange, leads Europe to empty her horn-of-plenty in our laps. But we, under the forms of law, deny ourselves the blessings of her abundance and cheapness, and choose to place sixty millions of consumers under tribute in order that we may pass over the levy to a few favored interests, which in the midst of a general prosperity are still in such a condition of dependence that they clamor for government succor. Surely no people were ever before so indulgent of mendicant industries.

But it is argued that a deluge of foreign goods will draw away our gold and silver. Even if this should occur, it would work no great harm, since we can not use the bulk of our precious metals for any useful purpose, except to exchange it for articles of value. Besides this, our mines are making silver one of the most abundant products of our country, and our mints are stamping silver dollars at such a rate that the treasury vaults are filled from floor to ceiling. But as a matter of fact this drain of specie, which is so much feared, has never occurred to any great extent, and it never can. We do not have, and we never have had, enough gold in the country at any one time to pay even for three months' importation. The fact stands that we pay for our imports by our exports. If we shall ever have "an inundating flood" of European goods to our shores, we shall have a returning tidal wave of our products to pay for them. If our protected industries shall ever be able to join the farmers and others in thus supplying the world's market to

pay for what we buy, our manufacturers will have constant and profitable employment, — a far better way of stimulating labor than by restricting importation, raising prices, and building up impediments.

But we are reminded by the advocates of protection that it is desirable to make foreign goods scarce in order that there may be a greater demand for domestic products ; that it is necessary to raise prices in order to stimulate manufactures, and hence give employment to our working-men ; and that since the wages thus earned and the goods thus made will remain in the country, the wealth of the people will be enlarged. But it may be replied that the raising of the price will reduce instead of increase the home demand for our goods ; and though some purchasers would be compelled to buy the American goods who would have bought the foreign, yet the aggregate number of purchasers would be so far reduced as largely to neutralize the benefits of the higher price even to manufacturers themselves. It is undoubtedly true that high prices will stimulate domestic manufacture, and will to that extent give employment to laborers. But this does not imply any benefit to them, since it is fair to suppose they were profitably employed before. Besides, it is a pure assumption, not borne out by the facts, that the wages of laborers are thereby increased, while it is evidently an injury to receive fewer goods in return for labor, as would be the case under the rise in prices. More labor and dearer goods are surely not to be preferred to comparative leisure and cheapened products. It is a mistake to say that because we have made a certain article in the United States, we are richer than we would be if we had bought it elsewhere, because if we could have made it more economically than to buy it, we would have done so without any interference of Government. The very fact that it was not produced without legal compulsion,

shows that its manufacture was not as profitable as other branches of business, and hence it was at a loss to the aggregate wealth of the country. At one time Denmark refused to buy the cheap machine-made cloths of England, in order to give the peasantry employment on hand-loom. A protectionist would say that this was a wise course. A free-trader would declare that it was wasteful, unless Nature had so blasted Denmark that the people could not advantageously produce anything which the world would take in exchange.

In fact, protection may be viewed from every standpoint, and yet it rests upon the admission that certain commodities can not be made in this country except at a loss. Under the Morrill Tariff this list includes over a thousand articles, most of them necessary to civilization itself. This is equivalent to saying, either that Nature has been unkind to the United States, as to Greenland, Labrador, Sahara, and Patagonia, or else that our natural resources are already so far exhausted that we can no longer employ labor advantageously as compared with European peoples. The truth is known to all men, that no land under the sun has been more signally blessed with natural endowments than ours, and that while no part of it has been pushed to its utmost productiveness, half of it is yet unappropriated, and parts of it as yet have not even been explored. The exact opposite of this assumption is true, — that so bountiful are the returns of labor here, and so abundant and varied are the resources of our people, that for over twenty-five years we have been supporting a class of producers who have appealed to Congress as pauper manufacturers, confessing their inability to earn a living, and asking the country to tax itself for their support. So vast are our productive energies that we are able to carry the enormous burden which protection imposes, while a majority of our peo-

ple, absorbed in their own affairs, appear unaware of its existence, and a minority only are actively engaged, like Christian in the Pilgrim's Progress, in trying to throw it off. When shall we reach the "wicket gate" of unembarrassed trade?





CHAPTER VIII.

THE INTERESTS OF PRODUCERS VERSUS THE RIGHTS OF CONSUMERS.



O say that our sixty million people are divided into two classes, producers and consumers, as though some produced only, and others consumed only, would not be to speak with accuracy. It is more correct to say that every man, woman, and child is a consumer, while a part of them are producers also, and a part are consumers only. The interests of our people as producers and consumers are naturally antagonistic, since in the latter relation we wish low prices as buyers, while in the former, as sellers, we wish high prices. When men stand, as most do, in the double relation, they have a divided interest. To illustrate: The man who produces wheat only, and has, therefore, nothing else to offer in the market, wishes dearness in that one article; but he wants cheapness in everything else. He is thereby a gainer, though it is at the expense and to the injury of all who eat bread. If his wheat be low, and other articles high, he is a loser, though the rest of the world is benefited by the exact amount of his loss, since bread is cheap. If both wheat and all articles which he

buys be high, his advantage is neutralized by his loss, and he is neither gainer nor loser. If wheat and other things be low, he gains in his purchases as much as he loses by his sales. In either case he stands on the same plane as before.

If, therefore, all our people were producers to the same extent that they are consumers, a general rise or fall in prices would work neither loss nor gain, — at least so far as the present inquiry extends. But less than half our people are producers in the ordinary sense of the term. Nearly all children are consumers only. So also are many women ; much the larger part of our adult female population being an essential part of the home circle and contributing to the comforts and happiness there, but producing nothing which can be offered as products in the markets of the country. Even among the men a large number consume more than they produce.

The consumers, therefore, are far more numerous than the producers ; and if law is to interfere with trade at all, it should do so in their interests. Unless it be true that legislation ought to favor classes rather than the majority, the consumers should have the vote of Congressmen. But they have not had it, at least since 1861. The entire course of our legislation under the Morrill Tariff has had exclusive regard to producers ; and the large majority of our people, as consumers, have been quite ignored, even if they have been heard at all. Amidst the clamors of the producer, the quiet consumer has been overlooked, and his voice has been heard neither in the lobby nor in the committee-room. He is a forgotten party, while the wordy producer has the ear of legislation. Thus every tax laid for protective purposes has been a levy upon consumers, who, sometimes out of ignorance, sometimes out of a weak submission, and sometimes out of an impression that

it is a blessing instead of a blight, patiently submit to the extortion.

In this respect the Report of the Tariff Commission of 1882 is, as Horace Greeley used to say, "mighty interesting reading." The reader who will go through its 2,617 pages can not fail to be impressed and disgusted with the fact that nine tenths of the persons whose appeals are there published — 579 in all — made them from a pure and confessed attitude of selfishness. The producers of nearly every article known to our market appeared before the Commission to show reason why their special industry should have government recognition, and more of it than it now enjoys. The nature of the pleas is in an endless variety; but they all agree in being a neck-break scramble for the coveted protection. The antagonisms are sometimes very amusing; and the pleaders are often the best witnesses against their own cause. The modest consumer is not present to make his speech. His cause goes by default, except that a few strong voices are raised in vain protest. Nothing more shameful has ever occurred in Congress or out of it than this long portrayal of greed in its efforts to secure with one hand more discrimination in its behalf, while with the other it strives to withhold the favor from every one else.

In the making of tariffs it has been overlooked or else ignored that when all producers are raised upon a high artificial platform, it has become more difficult than ever for consumers to reach the good things to be found there. Since protection of necessity means high prices, the more widely it is extended and the higher its range, the more harmful does it become to all consumers, who are the mass of the people.

Let us take an illustration, as being better than a syllogism. For many years we have had a high import tax on

quinine, so that all purchasers of this indispensable drug have been **compelled** to pay tribute to the American manufacturers. Who are these producers? A. A. Mellier, wholesale druggist of St. Louis, testified before the Tariff Commission (see their Report, page 1254) that there are but five manufacturers of quinine in the United States; and J. A. Hutchinson, druggist of Atlanta, testified (see page 1285) that the single firm of Powers and Weightman, of Philadelphia, has almost the entire control of the business. The duty, though high, was not entirely prohibitive, the importation amounting to nearly \$1,000,000 yearly. This shows two things, — first, that without the duty quinine would have been cheaper by at least the amount of the tax; and second, that since the imported and the domestic drug were both sold at the same price, the American manufacturer pocketed the entire amount of the duty on all that he produced. This is apparent when it is remembered that he was not weighted with an antecedent tax on cinchona bark.

Quinine is as much a staple in medicine as sugar is in groceries; and yet it appears that the entire American people, as consumers, have been paying for nearly twenty years a tax on the drug in order to enrich five firms, representing perhaps a dozen men. After these men had been made millionnaires by this stream of tribute flowing into their tills from the ailments of our people, the tax was repealed, and the retail price of the drug soon fell over fifty per cent. This, then, was the measure of the subsidy which the people for these years have been handing over to a few men who had a legal monopoly. It is now probable that our people in the ague-belt will be allowed to fight malaria with the quinine of Milan and Mannheim as well as that of Philadelphia and New York.

Like quinine, we have taxed for a generation, and are

still taxing, foreign marble for the benefit of a few owners of marble quarries at Rutland, Vt., so that a man pays tribute even for his own tombstone, as formerly he did in England for his woollen shroud. We tax Cuban sugar, an article of universal consumption, not to produce revenue, but in order to make it possible for a few cane-growers in Louisiana, who produce less than one per cent of our sugar, to sell their goods in an artificial market. We have taxed foreign copper and raised the price of every article in which that metal is used, in order to please and enrich a few men who are the owners of copper mines on the southern shore of Lake Superior. Thus one might drop the eye down the columns of our protective schedules, to find them favorable to a few producers, and as much opposed to many consumers, — a thousand of the latter to one of the former. Is the tribute which the people pay any the less a burden because it is so infinitely subdivided among our millions of people, and presses in such a hidden and indirect way that it defies the power of definite calculation?

If Congress shall place an import tax of a hundred per cent on steel, it may reduce importations, as it is intended to do. If this reduction equals the original home production of steel, it will double the sales of the American producers, so as to supply the demand. If, also, under this monopoly they shall double the price, as they may do if they choose, and as they have usually done in fact, and as they *must* do if the Government gets any revenue from steel, their profits have been increased much more than fourfold. This is apparent when it is remembered that the natural profit of manufacture is now artificially increased by the entire amount of the duty. But every dollar of their profit has come from the savings of men who purchase steel or some article in which it is used. Thus open as well as close monopolies compel consumers to buy domestic goods

instead of foreign ones, and to pay for an article more than it is worth. If they do not do this, they fail in the chief purpose for which they were created.

In addition to footing the bill thus extorted on domestic products, the purchaser must also pay the increased price on the entire volume of imports. Even protectionists do not often have the courage to make duties so high as to be prohibitive, and hence the importation continues, though often in diminished volume. These goods are necessarily offered only at the raised price to offset the import tax. They would not have been brought to the United States at all had not the difference between the foreign and the domestic price been, at the very least, equal to the import duty and the cost of transportation. To make up the aggregate of loss to consumers, therefore, the incidental burden, or increase of price on importations, must be added to the protective burden or increase in the price of the domestic production. In some articles this incidental tax is far greater than the benefits realized by the protected producers. Less than one dollar in ten of the millions that we pay every year as a tax on sugar goes as a tribute to the sugar-makers of the country. Though this in itself may be no disadvantage, since the rest goes into the treasury as revenue, it is sufficient to show how far the burdens of a protective monopoly exceed its benefits as a scheme to foster our industries.

It is a necessary part of protection to ignore consumers. Since their interests are opposed to the interests of producers, it is impossible to benefit the latter without detriment to the former. It may be an act of benevolence to confer a bounty on the lumber magnates and the coal barons, but it is not good economy if it is to be exacted from every man who lives in a wooden house or sits by a coal fire. Are the manufacturers of commodities more

worthy of encouragement than the purchasers? If it is the purpose of the law to cause domestic exchanges instead of foreign ones, are not buyers as essential thereto as the sellers? The two classes are perfect counterparts. But many consumers are also producers, so that even if protection could become universal, it would, while injuring all who are consumers only, benefit all others in one relation, and injure them in the other. Besides this, protection discriminates in favor of producers of material products only. But many of our most useful citizens are not producers in that sense. Preachers spend their efforts in advancing religion; teachers, knowledge; lawyers, justice; physicians, health; bankers, money exchanges; merchants, commodity exchanges; politicians, legislation,—and thus on to the end. None of these can be protected, and they are as much taxed as though they were consumers only, and not producers at all. Again, much less than half of our producers, even of material values, can be covered by the blanket of protection. All farmers, all laborers, all workers at handicrafts, as blacksmiths, carpenters, printers, all makers of goods which are used where they are produced, all transporters and carriers, all makers of goods exported but not also imported,—all are of necessity left without any direct benefits from the protection accorded those large concerns usually quartered in immense factories and controlling vast aggregations of money. What a small per cent of our people get the benefit claimed for protection!

Consumers are not only left without protection, but they are obliged to foot the bill of those who are protected. There is no one else to do it. Whenever they make a purchase of any article named in the tariff, the tax is a part of the price, lying concealed, but not the less really present. These little tax levies, made all over the country

in countless thousands of petty purchases, extort, in the total, vast sums, which pass on to swell the profits of the protected producers. This is one of the causes of the growing disproportion in the wealth of our people. These streams of forced contribution from every home and from every pocket in the land into the bank account of the protected producer often make him purse-proud in his abounding wealth, while they cause the people to feel the pressure of "the hidden hand" of taxation.

One day it will be clearly seen by our voters that the evil of taxation is at the minimum when it does not interfere with prices and the cost of production; that good legislation is far more likely to be the child even of poverty than of superfluous wealth; and that no injustice of the age is more inexcusable than that of compelling millions of consumers to bear a heavy burden of taxation, not in order to produce the necessary public revenues, but in order to pass the levy over as a gratuity to a few thousand favored producers, who stand as beggars at the treasury, but who are, for the most part, already abounding in wealth from government subsidies.





CHAPTER IX.

IS PROTECTION THE CAUSE OF OUR PROSPERITY?



THE United States have had a wonderful growth. July orators scarcely need assure us of the fact. Although one of the youngest of the nations, our prosperity has been so marked as to attract the admiring attention of Europe and the world.

When it is proposed to inquire into the causes of this growth, it has become quite the custom among protectionists to point to our high taxes. A generation ago it was the custom to ascribe our prosperity to negro slavery. Now it is the custom to ascribe it to the protective tariff. Writers and campaign orators often "point with pride" to the fact of our national growth, and forthwith leap to the conclusion that it is the result of our fiscal system. In truth, it has become quite the custom to adduce tabulated statistics to *prove* that the country has grown and increased in wealth under protection, and then with "a serene and starlit faith" to *assert* that it is a result of protection.

All good citizens are glad to concede the fact of growth and prosperity; but when it is boldly assumed that it is the net product of protective taxation, it may be time to call a halt, and examine the ground for such a statement.

There is a fallacy known to logicians as *post hoc, ergo propter hoc*, — after this, therefore on account of this. To illustrate: The air is chilly after a summer rain; therefore the rain caused the chilliness. About March 21 a heavy rain, a cold wave, or a cyclone occurs; therefore it is caused by the vernal equinox. The Goodwin sand-bar did not exist till the erection of Tenterden steeple; therefore the steeple was the cause of the sands. The Chinaman had excellent health in his family until his neighbor built a chimney in a direct line with his own; therefore the chimney caused the death of his children. No thoughtful man could take these logical leaps, and yet they are samples of a very common fallacy. To adduce all the ponderous enginery of fact and figures to prove our prosperity (a thing which no one has ever denied), and thereupon flippantly to assume that it is caused by protection (the very question at issue), is a course which marks the sophist and a failing cause. There are no bridges to span such a chasm in logic. Is this plea of protectionists a *post hoc, ergo propter hoc*?

Protection, as shown, is in no sense a producer. The tariff has never added one day's labor or one dollar's value to the productions of the country. It can not add another acre to our land area, nor create an additional laborer, nor turn out a single product, either gross or finished. It does but re-distribute what has been already produced. It takes from the savings of one man and passes it over into the profits of another. Increase of wealth is caused by labor, not by law.

When a high tax is placed on foreign iron or steel in the name of protection to home industries, the price of the domestic iron and steel is advanced to all consumers, since the producers have the power, and this was the chief end of the tariff. This prospect of excessive profits stimulates

the production, and the cash value of the home product is larger than before, because of both a larger yield and a higher price. But this increase is not gain. It is rather an abnormal development of the iron industry at the expense of all other industries, since capital and labor have been induced to leave occupations moderately and naturally profitable, and to enter one made by law excessively and artificially profitable. The country has increased in wealth in the same way as a man would increase in wealth by taking his money out of one pocket and putting it into another.

Nay, we can scarcely say even this; for the change of occupation involves a waste of capital and a loss of the skill previously acquired, so that the aggregate wealth is even less than it was before. Suppose a carpenter whose efficiency as a workman was high, say 20, should quit the bench and work at the anvil. As a blacksmith, for a time at least, his efficiency will be low, say 10. Even though by reason of local circumstances he should sell his labor at the anvil at a higher price than at the bench, and so make a greater profit to himself, yet, since his production is smaller, the country in the aggregate is a loser by fifty per cent of his former production. In the same way protection entails a positive waste, by the act of conferring unnatural profits upon any favored industry.

There is no question that protection does stimulate production in the protected industries. Steel, iron, sugar, and woollen goods have rapidly increased under the Morrill Tariff. But this does not constitute even a presumption that the country has been a sharer therein, unless a tariff be a productive force of itself. It is easy to see the increase; but to call it national gain would be to take a wholly superficial view. With as good show of reason might a State, county, or city treasurer argue that direct

taxation increases the wealth of the country, since it fills his vaults.

The courtiers who enjoyed the close monopolies granted by Queen Elizabeth usually pleaded for them on the ground of public economy, arguing that the privilege of the exclusive trade in the given article would justify them in providing the best and cheapest mode of manufacture or importation, giving employment to additional laborers, and thus developing a new industry, to the advantage of the kingdom. In their view these assumed advantages quite balanced the increased cost which all the people of England paid for the article in order to profit one man or one company. The protectionists of to-day have not improved on this sophistical plea; they have only elaborated it. Keeping the extravagant profits of the protected industries out of sight, the above are exactly the same representations as are heard every day from the lips of protectionists, and are read in their journals.

It has been asserted that the public discontent and the sufferings in England and Ireland spring from the adoption of free trade in Great Britain; and the inference is drawn that protection has saved us from similar ills. But the newspapers of Great Britain, which, as with us, are usually reliable reflectors of public sentiment, do not mention this as a cause. On the contrary, it is conceded that the condition of the English and Irish masses has greatly improved since the adoption of free trade, and that the present distress arises chiefly from the laws relating to the inheritance and tenure of land, the rights of landlords, and the customs respecting rents. Furthermore, the sufferings of the lower classes are not greater in Great Britain than in Germany and other protective countries.

Protectionists are accustomed to say, in substance, this: Before the war, while we were yet under a tariff for revenue,

we increased slowly in population, and had no manufactures to speak of, and no home markets. Wages were reduced, and hard times prevailed. We were almost exclusively an agricultural people. Prosperity came in only with protection.

After making some allowance for that broadness of assertion which springs from zeal, it would scarcely be possible to draw up a more compact statement of errors than this. An examination of the official records will show its fallacy.

1. Under partial free trade our population increased, as shown by the census, from 17,069,453 in 1840, to 23,191,876 in 1850, — a gain of thirty-six per cent. The population in 1860, after ten years of revenue tariff, was 31,443,321, — a gain of thirty-five per cent. In 1870 the population, after nine years of protection, was 38,558,371, — a gain of twenty-three per cent. In 1880, after another decade of high tariff, the population was 50,155,783, — a gain of thirty per cent. Thus if increase of population be an evidence of prosperity, the census decides against protection.

2. That protection does not operate as a cause of immigration is shown by three facts, — first, that the ratio of immigration to the whole population was greater under the Walker Tariff than under the Morrill; second, that a majority of the immigrants enter agriculture or other pursuits in which protection is not possible; third, that a much larger number of immigrants come from highly protected Germany than from free trade England. They do not need to come to America to get the blessings of protection.

3. According to the census of 1860 the total of our manufactures was \$1,885,861,676, — an increase of eighty-five per cent for the ten years under a revenue tariff, which was more than twice as rapid as population. In 1870 the country had a depreciated currency and fictitious values. The Com-

missioner of the Census in equalizing valuations of 1860 with 1870 finds that the increase of manufactures for the decade was seventy-nine per cent, and that the increase from 1870 to 1880 was fifty-eight per cent. These are the figures in the case of gross products. The table of net values is still more striking. According to it, the increase of manufactures for the decade of low tariff was eighty-four per cent; for the first decade under high protection it was sixty-three per cent; and for the second, forty-one per cent. The table showing the increase in the amount of capital invested in manufactures in the same periods shows a similar result. Thus by the official returns it appears that the country grew faster even in the manufacturing industries under the Walker Tariff than under the Morrill, although these are the very ones which it is supposed that protection would most greatly stimulate.

4. Protectionists always assert that their system blesses the country by securing a home market for our farmers and others. It is sufficient at present to remark that in 1860 only five per cent of our cereal production was exported, leaving ninety-five per cent for home use. In 1880, thirty-six per cent was exported, and sixty-four per cent left for domestic needs. Hence our home market for farm products was in a higher ratio in 1860 than in 1880.

If we look on the other side of the home market argument, it will appear, as will be shown elsewhere, that instead of becoming under protection commercially independent of foreign skill, there never has been a time when the people of our country consumed so much of the manufactured products of other lands, notwithstanding our protective device to shut them out.

But what follows if this should be denied? It must then be true that, by cutting off the entry of foreign goods, protection secures a home market by compelling our people to

buy domestic commodities. Instead of being gentle in its influence, the method of protection is an arbitrary legal compulsion. It has the crack of the slave-driver's whip in forcing the sale of home manufactures, whether the people prefer them or not. This horn of the dilemma is no more agreeable than the other.

5. In regard to wages, it may be said, as will be shown elsewhere, that wages, which were extremely low under the protective tariff of Clay, rose almost steadily for fifteen years under the Walker Tariff till 1860; that although wages were higher under the depreciated currency from 1860 to 1870, yet they fell an average of forty per cent during the decade ending in 1880 under high protection; and that to-day wages in the most highly protected industries are the lowest ever known therein.

6. As to hard times and bankruptcy, an examination of the statistics shows that there were more heavy failures from 1873 to 1878 under high protection than in all the years of low tariff for a generation. In the one year 1877 we had more strikes, more labor riots, more lock-outs, more tramps, and more forced idleness than in any ten years under partial free trade.

7. A living witness is Mr. Morrill himself, the author of the tariff and a stalwart protectionist. On March 12, 1862, he made a speech in the House in which he dwelt upon the "prodigious growth" of our manufactures between 1850 and 1860. After specifying, he used these words: "Such facts should make every man with an American heart in his bosom glow with pride."

The fact is, we have prospered under all our tariffs; but in most lines of progress we have grown most rapidly under revenue tariff. The following table, compiled from the official records—the United States censuses—by Mr. Philpott, editor of "The Million," shows this most conclusively:—

| LINES OF PROGRESS. | Per cent of increase over previous decade for ten years under Walker Tariff: 1850-1860. | Average per cent of increase for the two decades under Morrill Tariff above the census of 1860. |
|---|---|---|
| Population | 35.5 | 26.2 |
| Wealth | 126.6 | 61.0 |
| Total foreign commerce | 131 | 45.6 |
| Foreign commerce, per capita | 70.3 | 15.2 |
| Miles of railroads | 240 | 69 |
| Railroads, per capita | 150 | 34 |
| Capital in manufactures | 90 | 66 |
| Total wages in manufactures | 60.3 | 58.2 |
| Wages in manufactures, per hand | 17.3 | 9.4 |
| Products | 85 | 69.6 |
| Value of farms | 103 | 23.6 |
| Farm tools and machinery | 62 | 27.7 |
| Live-stock on farms | 100 | 17.3 |

No one could urge that this state of affairs was caused exclusively, or even chiefly, by *any* tariff; but these facts show that the standard claims made for protection as ushering in a period of national prosperity to succeed an era of public misfortune, is not even within "a shouting distance of the truth."

The further fact is that the natural laws have been more potent than the human ones. Although certain industries have been greatly stimulated by legislation, their growth has been eclipsed by others which it was impossible to cover by the mantle of protection. Under the Morrill Tariff the production of pig-iron, which has had high protection for twenty years, increased from 1860 to 1880 over eight hundred per cent. During the same time the petroleum industry increased 8,817 per cent. Many other examples could be given to show that protection is not the controlling factor in the growth of the country. They furnish a strong presumption, if not proof, that our increase in prosperity has

been along the line of natural development, and that protection has scarcely had any further effect than to misdirect the natural course of our wealth.

Many things have occurred in Congress and out of it which give color to the inference that protectionists themselves either do not believe in their own theories, or else are willing to be so sophistical as to argue that protection is a public advantage when they know it is only a private one. What are some of these?

1. No adherent of protection can with any consistency vote for or advocate a treaty of reciprocity with any foreign Power, since reciprocity must injure the country if protection is a benefit. But protectionists in Congress are found to speak and vote for treaties of reciprocal trade side by side with free-traders.

2. In recent years our treaty with Great Britain not only set the example of arbitration as a means of adjusting international differences, but one of its articles provided for the admission of fish from British waters into the United States free of duty. This article found few opponents in Congress, though its adoption involved a recognition of the view that free trade, and not protection, at least in fish, would tend to our prosperity. Let Congressmen remove, for the benefit of the country, not only the duty on British fish, but on the hooks and nets which catch them, on the boats and ships employed, and on the food and clothing of the fishermen. Let them carry the good work to its logical limit, and remove all those restrictions and taxes which benefit a few while they injure all. If protection is unequal, it is unjust, and hence works ruin instead of prosperity. Only that which is fair to all can ever elevate a people in either wealth or morals.

3. The Chicago fire occurred in 1871. As soon as the shock of the calamity had passed, the people of that city

petitioned Congress to remove the tariff on those articles which it might be necessary to use in the rebuilding of the city. Congress, by large majorities in both Houses, granted the petition, thus as from instinct confessing that a protective tariff, at least on building material, is an oppressive burden on the people. If consistent, Congress would have said to the people of Chicago: You are mistaken. Protection is a blessing to the country. The higher the import taxes on building material, the cheaper you will reconstruct your city. Since the tariff is the cause of our prosperity, we can best show our sympathy for you by retaining or raising the import taxes which you ask to have remitted. On this occasion, at least, Congress was controlled by its impulses of sympathy and its convictions; rather than by its lobbies and its theories. But the next year the Boston fire occurred. When the Bostonians made a similar petition, Congress had already taken alarm, and the petition was rejected. It saw the stern logic of the transaction into which its sympathies had led it.

The entire people felt that protection created scarcity and high prices, and was such a restriction on growth that in the presence of a great calamity it was hardly endurable. The remission of the duties in the special case made the people ask why a protective tariff is an evil for burned Chicago, but a factor of prosperity for the rest of the country. They could not but raise the query, why it is a benefit to strike down the tariff on one line of imposts, but an advantage to retain it on all else. Thousands of people wished to know whether a repeal of protective duties which is advantageous to those temporarily made destitute, would not also be beneficial to those made by other causes permanently poor.

The question recurs, Is protection the cause of our prosperity? Protected men are telling us unceasingly that this

business must stop unless the country be taxed for their support. Will the wealth of the country be increased by a man who is in a losing business? Can we become wealthy so long as the savings of one class of our people are legally spirited away to cancel the losses of another class? Can wealth rapidly increase so long as we are handicapped with the support of poor-houses and subsidized manufacturers which absorb the surplus of our people and station a silent tax-gatherer at the front door of every home in the land?

It is safe to assert that the conclusion that protection is the cause of our prosperity is a *post hoc, ergo propter hoc*. To say that we have prospered under protection, and that, therefore, protection has been the cause of our prosperity, is exactly the course of reasoning a man would adopt who, being a passenger on a vessel going up stream, "should tow a bucket behind, and insist that it helped the boat along because it still went ahead." Equally as pertinent and logical was the claim of the old-time slaveholders, that since we had steadily increased in wealth during two centuries of negro slavery, that "peculiar institution" was the cause of our prosperity. Again, with equally as good reason can it be shown that the building of railroads is the cause of our prosperity, since when the first mile of track was laid we had a population of only ten millions, but now we have sixty. We should leap over the same kind of a logical chasm if we should assert that circus-shows have been the cause of our prosperity, since when the first travelling showmen exhibited in our largest cities, New York and Philadelphia were really mere villages, with only a local trade, but now, under the stimulus of numerous circuses, they have become metropolitan in size and international in trade.

The facts are that manufactures, instead of being the result of protection, are the direct result of our increase in

wealth and population. Patagonia is not poor because it has no manufactures, but it has no manufactures because it is poor. Protection has no more to do with promoting our prosperity than the mud of the race-course has in promoting the speed of the racers, or gravity with rolling the teamster's load to the top of the hill, or the heat of the air in August with the heat of the presidential campaign in November.

All Americans rejoice in the prosperity of the country. But have the blessings of fruitful seasons and a salubrious climate done nothing to bring it? Have the fertility of our soil and the wealth of our mines done nothing? Have the productive energies of our time, aided by machinery and labor-saving device, accomplished so little? Have the skill of the artisan and the old-fashioned but prudent economy of our people gone for naught? What an insult to America's men and what a slander on our country is the assertion of the ultra-protectionists, that "without protection we should have been 'hewers of wood and drawers of water' for British manufacturers"! Rather it should be said that the system — misnamed the American — has crippled our productive power, wasted our natural advantages, diminished our wealth, and lowered the scale of comforts for the entire people.

We have prospered in spite of protection. So mighty are the elements of our growth that we should have been prosperous under any possible financial policy. If high protection for a quarter of a century has not been able to ruin us, it is only because the forces of national prosperity have been more powerful than the causes of national impoverishment. Like the human body, the body politic has a vital principle which strives to throw off or nullify harmful influences. States often have enough of this *vis medicatrix naturæ* to increase in prosperity in spite of all the

injuries which come from friends as well as from foes ; and the more thrifty the country is, the more is it likely to be subjected to such outrage, since the weak and unprosperous State would die under the calamity, or else the people, goaded beyond endurance, would rise in revolution.

Law does indeed affect national wealth. But it has done its utmost in the interests of public economy when it clears the field for free activity, when it makes life and property secure, and when it leaves every man free to choose what he can best do, unseduced by the promise of excessive and artificial rewards. If every man prefers to buy in a free market ; if every person realizes the largest profit when he trades without dictation ; if every man will manage his own business most advantageously without advice or help from the State ; if freedom tends to *individual* prosperity, — it is incredible that the interference of Government should lead even in the remotest degree to bring *national* prosperity. An industry created by law is like the tropical vine, which twines itself about the sturdy tree and draws its strength therefrom, while its only effect is to dwarf, paralyze, and destroy.





CHAPTER X.

RELATION OF PROTECTION TO PRICES.

THE chief object of protection is to raise the price of articles produced in protected industries. To speak with more precision, the objects are two, — first, to secure a monopoly of the home market, by rejecting importations ; second, to use this to secure a rise in the market price of protected commodities. The latter is the real essence of a protective tariff ; the former being merely auxiliary to it. The entire course of argument adopted by protected producers shows with clearness that a rise in the scale of prices is formulated in their minds as the ultimate end to be attained. If it be proposed to remove the duty from a protected article, the invariable answer is, “The foreign manufacturer will then undersell us.” Indeed, if we remove from the pleas with which protection is always supported, the central argument that industry on this side of the Atlantic can not support itself at the scale of prices which would prevail in an open field of competition with Europe, we shall find that all other arguments are merely subordinate to it, and are devoid of coherency when they stand alone.

The advocates of protection themselves very seldom deny this. In fact they can not, without abandoning their

debatable ground. They concede that if a protective tax be not attended by a rise in the price of protected goods, it is but a comparatively fruitless triumph of their theories, and is not worth contending for. A monopoly of the domestic market, though an end to be sought for, is of itself a very insufficient victory. Say a hat costs in Europe \$1.00, and the cost of transportation to America is ten cents. Under free trade the cost of hats in New York will be \$1.10 for both the foreign and the domestic article. Place a duty of fifty cents, and no foreign hat can be sold for less than \$1.60. If the domestic price be above that figure, the protected producers will divide the market with the foreigner, the importations will continue as abundantly as under absolute free trade, and the tariff will not even tend to check it. Nay, the higher the price, the more importation will be stimulated. Below \$1.60, the home producer has an absolute monopoly of the market. He can dictate prices to suit himself, being secured against outside interference till his prices touch \$1.60,—the point where protection ends and revenue begins. Having the power to command prices in excess of \$1.10, is it within the scope of human belief that he will hesitate to use his advantage? Will he be satisfied with a barren victory when a substantial one is within his reach? No. The very fact that importation continues, shows that he makes the most of his advantages. If, therefore, protectionists themselves confess that this is the chief purpose of protection, and that without this it would not answer their requirements, the rest of the world may accept the fact as a postulate in their argument.

But the great world of consumers takes no pleasure in this unnatural rise of prices. To them it means diminished purchases, the satisfaction of fewer desires, and a lower scale of comforts. No purchaser ever faced a high market from choice. It has, therefore, long been a favorite plea

with protectionists that, though protection may cause a rise in prices, yet after some years the encouragement thus given so stimulates production that competition among producers for the possession of the home market will result in a permanent fall in price. This idea is a standard one in the writings and speeches of all protectionists. What does this mean? Even if the claim be a true one, it means • that instead of allowing prices to remain low, it is a wise policy first to raise them, in order that they may afterward be low. Instead of beginning with cheapness, it is necessary first to secure high prices, in order that at the end of ten, twenty, or fifty years, we may have low ones. The mere statement of such an argument shows at once its hollowness.

Again, protectionists base their arguments in large degree upon the necessity of artificial prices; and on this plea they have won their victories in Congress and before the people. To hear them soon after argue that protection reduces prices, and claim this as one of the benefits of the system, sounds like a paradox and the trick of a demagogue. To what a pitch of absurdity has that man attained who can urge with one breath that we need protection in order so to raise prices that we can compete with Europe, and with the next maintain that the effect of the protective tariff is to reduce values!

Let us take the Morrill Tariff as the type of all. It is a fact that the price of many protected articles has fallen since the first six years of its existence, when the scale of prices was steadily upward. Cotton fabrics of all kinds have experienced a gradual decline. So, also, in other protected industries. To adduce one of the strongest illustrations that can be given, it may be said that the price of steel rails fell from \$120 a ton in 1866 to less than \$40 at the present time. This decline in price is conceded by

all to be a public benefit, and it is common to claim it as one of the legitimate fruits of protection. The argument when stated with syllogistic directness is this: A low scale of prices in manufactured articles is a public advantage; but protection, after twenty-five years under the Morrill Tariff, has, through competition of protected producers, inaugurated an era of continually falling prices: therefore protection is an advantage to the nation. Let us examine this central argument, with a view of testing its validity.

If a protective tariff correctly represents the difference between the foreign and the domestic value of goods, a slight fall in the price on this side of the ocean must cause an immediate stoppage of importation from the other side, the cost of production remaining constant. But the Morrill Tariff has not had this effect. During most of the time since 1861 our imports have increased more rapidly than our population, in spite of a tariff intended to be restrictive as nearly as possible to the point of prohibition. This shows, first, that our people during all that time have been paying the whole amount of the duty in addition to the natural price, both on the domestic production and the foreign imports; second, that protection has not been in the remotest degree the cause of any fall in price that may have occurred.

From other points of view, also, it is obvious that the only effect of protection on prices is permanently to raise them in the industries thus favored. Protection extends to such a number and variety of articles that low prices are impossible. In all manufactures an article which is a finished product in one industry becomes the raw material in another. Thus in a blast-furnace, ore is the material, pig-iron the product; in a rolling-mill, pig is the material, and bar-iron the product; in a wire-factory, bar is the material, and wire the product; in a barbing-factory,

smooth wire is the material, and the barbed is the product. Thus manufacturers are obliged to buy their material in a protected market; and since they pay high for material, it is impossible that they should sell their product low. It is idle to expect woollen goods ever to be cheap so long as we forbid foreign competition in our market, and also compel our cloth manufacturer to pay artificial prices for his wool, his machinery, his buildings, and the chemicals used in his processes. It is idle to expect steel rails to be very cheap with us so long as we add from \$17 to \$28 to the price of every ton of English rails offered in our market, and at the same time continue the present high duty on steel blooms which enter into their construction.

But protected articles are not the only ones thus made permanently dear. There is a large number of articles not protected, in whose manufacture protected raw material is used. All these are made and kept dear thereby. Thus there is not, nor can there be, any protection on our agricultural machinery; and yet there is not a foot of lumber, nor a bolt, nor a screw, nor a plate of iron or steel, nor a coat of paint, used in its construction that has not cost the manufacturer a higher price by reason of the protective tax. Can we expect him to sell a plough at a low price? To ask him to do so would be unreasonable. To compel him to do so would be robbery or confiscation. Thus in any system of general protection, as ours, it is not possible that cheapness shall prevail. The tendency rather is to make prices higher and higher.

That protection does not at any time tend to cheapen the taxed commodities is further shown by the fact that a fall in price has always followed, in most cases immediately, a reduction or a total repeal of a protective duty. Numerous instances will occur to all.

That protection causes prices to be permanently high,

Congress itself declared in December, 1871, by voting that the duties on building material designed for use in rebuilding Chicago after the fire be remitted. On another occasion Congress asserted the same thing in providing that as an encouragement to education and science, all books, maps, apparatus, and appliances designed to be the property of institutions of learning shall enter the country free of duty. Again, a few weeks after Congress had conferred an additional twenty per cent on the slate industry, these manufacturers announced a rise of just twenty per cent in the price of their products. Was this a mere coincidence? If protection does not permanently raise prices and prevent low ones, the action in these cases was totally devoid of signification.

But, it may be said, a comparison of prices through a series of years shows that there has been a considerable decline in the price of many protected articles under the Morrill Tariff. If protection be not the cause of this, what have been the causes?

The true cause of this decline is found in several things, some of which are here mentioned : —

1. *The changes in currency values.* — During the war and for years afterward our paper currency was greatly depreciated. Thus prices were high. They fell when paper became more valuable.

2. *The progress of invention, improvement in machinery, and increase in skill.* — In no respect is this age more distinguished than in the nearly universal use of labor-saving devices. Handicrafts have almost disappeared. This use of mechanical aids, coupled with division of labor and growth of skill, has enormously increased production in ratio to the demand. Dr. Uré estimated that the use of machinery in the construction of lace lessened its cost to one fiftieth of the cost of the hand-made article. It is use-

less to multiply instances; the fact is well known to all. The improvement in machinery and the increase of production resulting from it, have been far more rapid than the decrease of price, of which they have been one of the chief causes.

3. *The expiration of patents.* — It is well known to all that the expiration of the patents on sewing-machines has had the effect of reducing the cost one hundred per cent. This must reduce the cost of all articles made by them. Many other examples might be given.

4. *The competition of foreign producers.* — Protection in the United States has an effect to encourage the enterprise of foreign manufacturers. They strive to reduce the cost of their products that they may pay our duty and yet enter our markets. This they are very successful in doing, chiefly on account of our high range of prices. The great reduction in the price of steel rails, so essential in this era of railroads, was owing chiefly to the expiration of the Bessemer patent in England, to improved machinery, and the skill of operatives and mill-owners there. It is essential to remember that the reduction of price in protected articles has not been confined to the United States, and did not begin here, and hence could not have come about through the operation of protection. *Prices have fallen here because they first fell in Europe.* Foreigners were able to pay our duties and yet beat down our inflated prices by their competition. It is not possible to explain the two coincident phenomena of large importations and falling prices in any other way. The articles named in our metallic schedule have declined in price in England even more than with us. Steel rails have fallen in price here chiefly because the decline first occurred in Europe, and was even greater than it was here. In the face of falling prices in all parts of the world through the operation of the causes here enumerated,

it would seem to be either an irrational deduction, or else a deliberate attempt at deception, to represent this result as existing in our own country only, and as caused by our legislation alone or chiefly.

If the home production of a given article be not adequate to supply the home demand, and the deficiency be made up by importation, it is impossible that the price should ever fall below the foreign price, plus the duty and the cost of transportation, since that would forbid the importation itself. This condition is widely existing to-day; and as we continue to import manufactured goods, it follows beyond refutation that we pay the full amount of the duty in addition to the natural price on both the foreign and the domestic article.

But if the home supply be too great for the home demand, it is then possible for the competition of domestic manufacturers to reduce the price somewhat below the foreign price, plus the duty and transportation. But this state of affairs will be attended by a total stoppage of all importation. Within the last few years only has this condition of things existed. Thus in 1887 steel rails could be brought into New York harbor at \$24 per ton. The duty was \$17, which would make the lowest possible price of English rails when past the Custom House in New York, \$41 a ton. But during that year American rails were selling at \$39. Our mills had an absolute monopoly of the market, revenue was cut off, and competition among producers reduced the price \$2 below the figure dictated by the tariff. Protectionists may fairly claim this as an illustration of the workings of their system.

But in connection therewith a few things should be borne in mind: 1. This result is exceptional in the case of steel rails, which is perhaps the most favorable illustration that protectionists can adduce, and it does not find

abundant parallels in other branches of manufacture, since the floods of importation continue to pour in upon us. 2. The feeling of gratitude which might arise toward manufacturers for giving the people a reduction of \$2, is quite offset by the facts that they did not make the concession till they were forced to, and that they are still compelling us to pay \$15 per ton more than we should be paying if rid of the system of favoritism miscalled protection. 3. What is the real meaning of this \$2 reduction? It is indisputable that it was wholly voluntary on the part of the rail-makers. It means, therefore, that they have made an adroit graduation of prices so as totally to cut off importation, and yet retain nearly all the bonus. 4. Instead of home producers submitting to the natural competition which would reduce prices, they resort to combination and "trusts." All must be familiar with this. Nearly every branch of manufacture, though it should extend from Maine to California, is organized, has officers and stated meetings, and secures unity of action in all the establishments of its kind. Relying upon this, prices are raised or lowered, hammered and manipulated, to suit the caprice and interest of the moment, and totally without thought of the public benefit. Lockouts are enforced, strikes precipitated, and short hours ordered. This is one chief reason we have not more widely realized even that small reduction in prices which protection is sometimes unable to prevent.

But let us for the moment assume that after twenty years of high prices in protected commodities the domestic competition has beaten down prices. No protectionist will dare assert that under protection prices can fall, or in fact ever have fallen, so low through competition as they would have done under the operation of the natural laws of trade, since then the system would become a calamity to the very men in whose interest it was adopted and by whose influ-

ence it is perpetuated. Therefore there must ever remain in protection a measure of artificial advantage to producers and a measure of enforced disadvantage to the consumers of protected articles.

But let us assume that after the lapse of time under protection our manufacturers are able to supply goods as cheaply as can be done by importation. Consistency would require that the protective duties should be lightened from time to time, and finally abolished. But after a score of years of high tariff, receivers of tariff bounty do not propose such a thing. Let it be but suggested, and we are met by the prompt objection that a disastrous cheapness will then prevail. How much longer are the American people to continue to pay an average increase of over forty per cent in the price of all kinds of protected commodities, when protectionists themselves admit that values ought to fall? Ought we not fifteen years ago to have tasted this fruit of protection? Since it has not ripened in twenty-five years, — since it has not even begun to bloom, — is it not fair to infer that it does not grow upon the protective tree? Is it not time to cut down the barren trunk? Is it not true that our people have allowed themselves to be deluded by the promise of low prices during all the years we have been trying the costly experiment of helping a few to accumulate wealth from the pockets of the many?

Under the Morrill Tariff our prices on protected articles have been on a higher level than anywhere else in Christendom. This assertion is proved by the fact that we continue to import goods from all parts of the world. If their prices were really as high as ours, it would be impossible that they should pay our duty and enter our ports. Take up an English newspaper and place it beside an American paper of the same date. Turn to the market quotations, and make a comparison. We pay \$30 for a carpet that

should sell here for \$18; \$9 for a shawl that is worth \$6; \$18 for a lady's dress that should sell for \$12. Turn now to the official tariff schedules, — a little pamphlet from the Government Printing-Office. These things, and scores of others, are as "plain as an open book." On every woollen suit half the cost is tax, and the other half is clothes. If a boy's wool hat costs one dollar, sixty cents is tax, and forty is hat. If a farmer buys a barrel of salt, thirty-six per cent goes to a wealthy company at Syracuse or Saginaw, and the rest pays for the goods. If a lady buys a yard of plain Brussels carpet for one dollar, fifty-five cents is tribute, and forty-five is carpet. Go on down the official list of articles in daily use among the people, and note the greedy but disguised hand of the tariff pickpocket.

The same course of inquiry will show that we are receiving too little for what we sell, — the losses on our sales being second only to our losses on our purchases. Not only does our protection make domestic prices high, but, as was shown, it makes foreign ones low. The result is that we are not receiving an equitable return for our cereals, our provisions, and all things which we export; while we are not able to export our protected articles at all, by reason of their increased cost, though there are millions of people in foreign countries who would gladly take our surplus if they could buy of us as cheaply as elsewhere.

If protection were removed, the first effect in the United States would be a fall in the price of the lately protected articles. There would be a small rise in price in Europe. This movement would continue till a balance of prices was reached, which would be somewhere near the cost of production in the cheaper of the two countries, plus the cost of transportation to the other one. Under such circumstances, cheaper goods would stimulate consumption, which would open the way for larger production. What a race

there would be in friendly commercial rivalry to supply the best products, by most approved modes of manufacture, to the millions of all the outlying nations ! No true American can doubt the early and permanent superiority of our own country in such a race as that. Shall we not strike off all cumbrous restrictions, except only such light weights as may appear necessary for purposes of revenue, in order that the comforts of our people may be enlarged, and that the Republic may enter upon a career of unhampered and world-wide trade ?





CHAPTER XI.

RELATION OF PROTECTION TO WAGES,

PROTECTION is as double-faced as Janus. It is as double-tongued as a Tyrian. It is a system which delights to look two ways at once. One instant, as we have just seen, it argues that restriction is necessary in order to raise prices ; the next, it claims restriction as a public benefit, since it reduces prices. It is not a little strange that the hop, skip, and jump in such reasoning seems to have escaped the attention of protectionists.

In striking similarity to this are two forms of argument adduced by protectionists in regard to wages. They may be stated as follows : 1. Protection has the effect to raise the wages of laborers, and therefore it should have the support of all men who depend upon their labor for their livelihood. 2. Since wages are higher in America than in Europe, protection is necessary in order to enable the home-producers to compete with the foreign ones in our markets.

To put the matter concisely, protection says in substance : High wages are a great benefit, which must be secured through protection ; but high wages are a great disadvantage, which must be offset by protection. Or, we

should have protection because it secures high wages ; and we should have protection because wages are high. Here we have an example of circular reasoning which leads no-whither. The two propositions are mutually destructive, though their incongruity does not appear till they are placed side by side. The wonder is that sensible men can be found that will give adherence to both ideas at the same time. They would appear to be such feats in logic as could be accomplished only by the mental gymnast, the sophist, or the demagogue.

He would be deemed a very unskilful debater who should adduce both of these propositions at the same time and before the same audience. Protectionists, in their efforts to support their system, are like Oakes Ames with his *Crédit Mobilier* stock ; they put their arguments "where they will do the most good." In addressing laborers, it has become quite the custom to appeal to their selfishness by asserting that protection blesses them in raising the scale of their daily wages ; but in addressing consumers and in lobbying Congressmen, it is the old-time plea that wages are so high that our industries can not flourish in competition with Europe unless foreign goods are shut out and prices raised. To what poverty of argument must that system be reduced which is under the necessity of asserting a thing before men as laborers which it must deny before other men as consumers ! This is mere jugglery in logic. It is not strange that the men who vote are seeing the emptiness of such evasive and double-tongued sophistries. In spite of the contradiction in these two ideas, they are both asserted with all seriousness, and they constitute no small part of the argumentative defence of protection. That they are both mere assertions, not warranted by either facts or reason, will appear from examination.

But first, *are* wages here really higher than beyond the Atlantic? It is not a little amusing to note with what painstaking care and with what elaborate citation of statistics protectionist writers are accustomed to prove a thing which very few will deny,— that wages in the United States are, on an average, higher than in Europe. Not long after the Tariff Commission had completed its labors, one of our metropolitan journals sent a member of the Commission to England as a special correspondent, to support by his inquiries this uncontroverted fact. No one can make any objection to such a course, except to say that it is unnecessary. But having laboriously compassed sea and land to prove a thing which has not been disputed, protectionists suddenly drop the plodding course of argument, and leap on the wings of fancy to the conclusion that since wages are high, protection must be employed to offset them.

With an outlay of effort strongly suggestive of Horace's figure about "the everlasting mountains being in labor and a tiny mouse being born," protectionists may claim to have established the fact of higher wages. But when facing wage-earners, mark the ease and serenity with which they are wont to claim this as one of the results of their system. Stripped of all verbiage, the argument stands in its nakedness thus: We have protection; we also have high wages: therefore protection is the cause of high wages. Again, England has low wages; also free trade: therefore free trade is the cause of low wages. Thus sophistry may be made to assume a syllogistic dress, as though it were argument. It would be equally as logical, and quite as pertinent, to argue thus: We have a republic here; we also have high wages: therefore a republican form of government is the cause of high wages. England is a monarchy; England has low wages: therefore a monarchy causes low wages.

But what are the facts? Wages have *always* been high in America, from the Pilgrim Fathers to the present hour. A century ago, Adam Smith declared that wages were twice as high in America as in England. Alexander Hamilton in his famous Report on Manufactures, issued a century ago, noted the fact that wages here were higher than in Europe. The same state of affairs has existed ever since, under all our tariffs and through all our changes of political administration. It is safe, therefore, to assert that the rate of wages is regulated by natural forces which lie far deeper and have more potency than the fickle policies of statesmen at Washington. Protection can not be the cause.

Instead of stating that high wages have marked all our history, the advocates of protection sometimes have appeared to wish it to be inferred that such was the case only in our protective eras. They have wished the fact to be known that wages here are higher now than in the first part of the century; but they appear to have forgotten the other half of the fact, that even then our wages were not only higher than those of Europe, but higher in a greater ratio than they are at present.

What is the real cause of high wages? Wages are the share of production which falls to labor as its compensation, and in every business they must be paid out of the product. No man can continue to pay high wages when his production is small. If any one attempt it, it will be merely a question of time when the sheriff will come to bury his business beyond the sight of his creditors. But if high wages continue to be paid in any country or in any business, it is proof sufficient that production and profits are large. The true barometer of wages is the degree in which labor is productive. High wages are given to America by the endowment of Nature, not by the enactment of Congress.

But to the arguments. Since it is impossible to deny that protection raises prices, and is so intended to do, its effects must be disadvantageous to all consumers, unless there are benefits which offset it. Such a countervailing advantage is said to exist in the larger wages paid to laborers in the protected industries. This plea is the capital defence of protection for the ears of all our wage-earning people.

Of all the baseless claims set forth by protectionists, none are more fallacious and absurd than this. The exact opposite is the truth. Protection has lowered wages wherever it has been tried. It must necessarily always do so. No one has ever claimed that it raised wages in any country but America. In Europe, especially in those parts where workmen have no votes, it has sometimes been adopted with the openly expressed object of reducing wages.

Our present tariff averages above forty per cent on the entire amount of dutiable goods ; and as a result, the price of all articles named in the schedules, both of foreign and domestic manufacture, is raised, in most cases by the entire amount of the tax, since importation continues. Since the list includes nearly every article of comfort or necessity in the family, the laborer must pay a considerable part of his wages to meet this tax. In most cases this increased cost of commodities is far greater than the assumed increase of wages. Hence the laborer is injured, even on the supposition that the claim of protectionists is true. When analyzed, wages are not the dollars received, but the goods which they will buy. Profit is not the money handled, but the sum that is saved. Three dollars a day when bread is ten cents a loaf, and other things in proportion, is not so much as two dollars when it is five cents a loaf.

In 1878 a volume was issued by the State Department

on "The State of Labor in Europe." In this document it is shown that, taking an average of all occupations, the American laborer receives three dollars, while the English receives two dollars; but that rent, clothing, and all articles of food, except meat and bread, are so much cheaper in England as to make up at least half this difference. Hence wages, though nominally fifty per cent higher, are really only twenty-five per cent higher. This is the official showing at a time when the government machinery was all in the hands of protectionists. Thus it appears that though, according to Adam Smith, wages were a hundred per cent higher here than in England when we had free trade and Britain protection, the ratio has been steadily decreasing under the joint operation of protection here and free trade there, till, by the showing of protectionists themselves, the excess is now only twenty-five per cent on an average. We are led to conclude that protection has lowered wages here. It is certain that the system has not prevented at least a relative decline.

In another way protection reduces wages. The raw material entering the construction of all manufactured goods averages about sixty per cent of their final cost. But the tariff tax on this material averages at least thirty per cent, which is equivalent to eighteen per cent on the finished product. Wages also, according to the census of 1880, constitute about eighteen per cent of the entire product. Hence the tariff has had the effect to increase to the manufacturer the cost of his goods by the full amount of the wages which he pays. The conclusion is that unless his protection is greater than the entire amount of wages paid by him, he is less able to pay high wages than he would have been even under absolute free trade. England admits raw material free; France does not. Is it not a clear inference that the latter must pay lower wages

than England? She must, and she does. Protection is the policy adopted there; but no Frenchman claims that it raises wages. It is chosen rather because it lowers wages.

It would seem to be evident that wages can not be permanently high in a losing business. But protection is based upon the fundamental idea that we can not conduct certain branches of manufacture in this country except at a loss; and hence it is necessary in some way to compel our people to make articles which we can not naturally make as cheaply as other nations. For if we could, there would be left no excuse for a protective tariff. It is deliberately proposed, then, to induce men to leave an occupation in which a given amount of labor would earn a dollar, to engage in one in which it would earn but seventy-five cents. Can it be believed that manufacturers can pay higher wages on a diminished production? They can not, and they never have. Go, tell the story to the marines!

But what would follow if it could be proved that higher wages *are* paid in the protected industries than in the non-protected? According to the census of 1880, the entire number of laborers employed in the five great industries — iron, steel, woollen, cotton, and sugar — was 493,864, which is less than one per cent of our population. If each one of these laborers has an average of three persons dependent upon his toil, it follows that less than four per cent of our people are benefited by the increased rate of wages. But the higher wages thus paid was so much added to the cost of the goods manufactured, so that ninety-six per cent of our people were taxed for the benefit of four per cent. It can not be otherwise. Even if protectionists could make good their claim as to wages in protected industries, it can not fail to reduce the wages — that is, purchasing power — of labor in all others, and thus prove a tax upon $\frac{3}{4}$ of the people for the benefit of $\frac{1}{4}$.

From whatever point of view we look upon the argument that protection raises wages, it is all hollowness and fallacy.

On the contrary, the effect of free trade is to raise wages, both in dollars and in purchasing power. Why is this the case? For the following reasons: 1. Because low tariff reduces the price of manufactured articles which the wage-earner purchases to satisfy his needs. 2. Because under free trade all our commodities, in the production of which we have superior advantages, will go out to find the best market in the world. If they find the dearest market—which is the very object of their export—the wages paid in their production must be a maximum. 3. Because the good things offered us by international exchange will, under free commerce, stimulate capital and give larger employment to labor to create the goods with which to buy them, since the only possible way to obtain the products of foreign toil is to offer in exchange the products of domestic toil. 4. Because in creating these goods to exchange for foreign ones we shall labor in those pursuits in which we have the greatest natural superiority, and not in those in which effort is relatively unprofitable. We shall labor in harmony with Nature, and not “kick against the pricks” of inexorable natural law. Since production must then be the greatest possible, labor will then receive its maximum reward. 5. Because it is better to have the whole world for a market than any one country, however large or weakly. 6. Because it is a matter of history that whenever a nation has removed its restrictions upon its foreign trade, a rise in wages has always accompanied or soon followed this adoption of a more liberal commercial policy.

But is the assertion that free trade raises wages, and protection lowers them, supported by the *facts*? Let us look at the record.

It is conceded by every one that wages in England under free trade are largely in excess of what they were previous to 1846, under protection. John Bright, who for over forty years has been a statesman of distinguished ability in England, says that the increase has averaged forty per cent. The Consular Reports show that the laboring people of Great Britain are thirty per cent better fed, forty per cent better clothed, fifty per cent better housed, and one hundred per cent better educated, than when England had a protective tariff. No one in England or elsewhere has ever asserted that free trade reduced wages in Great Britain. When the English threw aside protection, which they never really needed, they were enabled to enter the markets of all the world as sellers; and this gave such an impetus to their manufactures that wages steadily advanced from year to year. Since England adopted free trade, wages have advanced more rapidly than they ever did in this country. England is to-day paying, and for forty years has been paying, the highest wages in the eastern hemisphere.

In Ireland, manufacturing increased twice as fast under free trade as under protection, and wages of employes have risen one hundred per cent. The agricultural wages have increased still more rapidly,—five hundred per cent. This deduction is based upon the statement of Daniel O'Connell, the Irish patriot, in 1844, that farm-wages averaged from eight to twelve cents a day, and upon the later statement of the American consul at Cork, presumably a protectionist, in 1878, that the agricultural wages in Ireland were about fifty-seven cents a day.

Russia has the highest protective tariff in Europe, and wages are lower than anywhere else on the Continent. Austria comes next, both as to high tariff and low wages. Germany has a tariff somewhat lower than Austria, and

pays wages somewhat higher. France in turn has a tariff lower than that of Germany, and pays wages higher than the Fatherland. In the report on the "State of Labor in Europe" it is shown that the wages of skilled labor is \$3.60 per week under high protection in Germany, but \$7.60 per week under free trade in England. Protectionists are fond of emphasizing the half-truth that wages are higher here than in England; but they appear to avoid the other half of the truth, that wages in free trade England are higher than in protective Germany.

Under the rule of Bismarck the tariff rates have been materially advanced in Germany within a few years. The following statement is from the Report of the German Chamber of Commerce after one year's experience of the new tariff. "The high duties have greatly enhanced the cost of the necessities of life, while instead of wages rising, as was predicted, they have either remained stationary or declined, and the condition of the German workman has materially deteriorated."

But what has been the history of wages in our own country? The first attempt to collect official statistics of wages here was made by Congress in 1841, and Saltonstall's Report of March, 1842, is the result. This report was ordered for the purpose of getting facts with which to prop up the tottering fabric of protection. But with every inducement to make a favorable showing for high wages, manufacturers all over the country reported that mechanics' wages had not increased, and that farm wages had declined. Thus during many years of high protection there had been no advance in the rewards of labor.

In 1845 the Secretary of the Treasury, Robert J. Walker, a friend of revenue tariff, caused inquiries to be made as to the effect of the tariff of 1842 on wages. Remembering the small favor which the Saltonstall Report gave to their

theories, the protectionists in Congress opposed this investigation, regarding it as an impertinent inquiry into private affairs. Of all the responses sent in, none reported an advance in wages, and many declared that reductions had been forced upon them.

In 1846 duties were reduced to a revenue basis under the Walker Tariff. Wages soon began to rise, and so continued from year to year. In 1850 the census contained for the first time the official statistics on wages. In that year the average of wages paid in manufactures was \$248, a marked increase over the figures deducible from Saltonstall's Report. During the next decade the Walker Tariff remained in force; and when the seventh census was taken, in 1860, it showed that the average of wages paid was \$290, an increase of seventeen per cent. Between 1846 and 1860 there was a greater rise in the wages paid in the iron, cotton, and woollen industries than during any other period before or since.

After nine years of protection under the Morrill Tariff, the census reported in 1870 that the number of hands employed in the manufacturing and mechanical industries of the entire country was 2,009,737, and the amount paid in wages therein was \$762,296,747, an average of \$379 to each employé. But these values were in currency, gold then being at a premium. On making the reduction of 25.3 per cent to place values on a gold basis, as in all the other censuses (the rate of reduction authorized by the Census Report itself), it is found that the wages of 1870 were \$303, — a nominal increase of only \$13 a year after ten years of protection. This would be a small victory for a high tariff, but for the fact that the real wages were much smaller by reason of high price of all kinds of commodities under the stimulus of war taxation.

Another decade passed, and the census of 1880 reported

that the number of hands employed in the manufacturing and mechanical industries of the whole country was 2,732,595, and the amount of wages paid therein was \$947,953,795, an average of \$346 each. This also has been paraded as a victory for protection. But it should be remembered, not only that the real wages were much less than this nominal figure, but that the census happened to fall upon a year of very unusual activity in manufactures, when we had just recovered from the Jay Cooke Panic, and when the enormous call for products compelled the manufacturers to pay higher wages till the demand was supplied. That such was the case is shown by two facts well known to all: first, that the wages of that year were much higher than were paid during the six years preceding; second, that since the census year there has been a steady reduction in wages in all our protected industries. This reduction has averaged twenty per cent, as estimated by those writing in the interests of protection. Hence, the average wages of operatives in our protected industries at the present time is about \$277, which is less nominally, and far less really, than the wages of 1860 under partial free trade.

The census returns aid the inquiry in another respect. They show that a higher per cent of the value of manufactured articles was paid in wages under the Walker Tariff than under the Morrill. To specify: In 1850, after low revenue tariff had been four years in operation and had had time to bear some of its fruits, 20.1 per cent of the value of all manufactured products was paid as wages to the operatives. In 1860, when after fourteen years the Walker Tariff could fairly be called upon to show results, the ratio of wages to products was 23.2 per cent. In 1870, after nine years of protection, the ratio had fallen to 18.5 per cent. In 1880, after nineteen years of protection, the figures, not *merely deducible* from the census reports, but *actually given* in the

official volume, were 17.6 per cent. These "cold and solid facts" tell their story with an emphasis which does not call for comment.

Besides this, if there is any truth in the claim of protectionists as to wages, we should expect to find the highest wages in the most highly protected industries. But the exact opposite is the fact. Any one who will refer to the Census Reports of 1880 may glean the following facts: Average annual wages in manufactures, both protected and non-protected, \$346. Average wages in the woollen industry, \$298, though it is protected by a duty averaging sixty-seven per cent. Average wages of cotton employes, \$243, though their business is protected by a duty of forty-five to sixty-five per cent. Average wages of silk employes, \$291, though their trade is protected by a duty averaging forty-nine per cent. Thus the official figures show that the highest protection goes with the lowest wages, and that the highest wages are paid in those industries that have a merely nominal protection or none at all. Wages of skilled labor are lower in the factories of New England than anywhere else in the United States. Further, from these returns it appears that the average wages of operatives in the most highly protected industries known to our tariff is less than a dollar a day. Can the laborer who has a family to support and children to educate take any delight in figures like these? Do they furnish any solid comfort to the advocates of high protection?

The fact that protection causes low wages and free trade high wages received a striking illustration on May 1, 1883. On that day the tax on raw tobacco was reduced one half. In response to this reduction in the cost of their materials, the tobacco manufacturers of the country agreed to give one third of the reduction as an increase in the wages of their employes, thus confessing that protection had been

lowering wages in that industry. This increase was a very proper thing to do, but not on the theory that protection raises wages. Precisely in the same way would the reduction of all duties tend to raise wages therein, and the retention of duties tend to keep wages down. Let Congress not delay to cut down duties along the entire length of the tariff schedules, if it be desirable that wages should rise.

But what can be said of the other argument so continually sounded in our hearing, — that protection is necessary because wages are high? The plea is, that since wages are lower in Europe, goods can be made there cheaper than here; and that therefore we should be "inundated" with foreign products to the ruin of our industries, unless we erect a high tariff-wall to keep them out. The late Tariff Commission (see Report, page 110) says: "The higher price of American labor was urged as a reason in almost every case where witnesses have asked for increased rates of duty." This is another chief argumentative prop of protection.

1. This claim is a sophism. Though, as all know, nominal wages are somewhat higher here than in England, yet this difference is much more than balanced to the manufacturer by the greater productiveness of labor here. Though nominal wages are higher, real wages are lower in the United States than in England. Let us see: —

The man who, by the employment of intelligent workmen and the best machinery, can make one thousand yards of cloth in a day, can afford to pay wages more than twice as high as one who can make but five hundred yards in the same time. Sir Thomas Brassey, of England, one of the largest employers of labor in the world, found it cheaper to employ English navvies at ten times the wages he had paid to Italian laborers, because the former more than made up the difference by larger production. English laborers were

taken to France and paid \$1.20 a day to work upon railroads, while Frenchmen were employed at sixty-two cents a day; and yet, upon actual measurement of the work done, it was found that that done by the English cost the least. Slave labor was the dearest labor the South ever employed. An English employer found it was more profitable to hire laborers from Essex at 2s. 6d., than those from Tipperary at one sixth that amount. The cost of labor is frequently the lowest where the price is the highest.

The same relation exists between the labor of the United States and that of Europe. We have the authority of the Department of State, in 1878, for the statement that "the average American workman performs from one and a half to twice as much work in a day as the average European workman." This shows the entire consistency of two things that would appear to be contradictory; first, that our wages are nominally higher than those of England, and second, that they are really lower.

The census of 1880 shows that the 2,732,595 workmen employed in the manufacturing and mechanical industries of the United States produced goods to the value of \$5,369,579,191, an average of \$1,965 each; while the average annual production of English workmen, according to the statisticians of that country, was \$780 *per capita*. Again, the American cotton-weaver makes 1,200 yards a week; the English, 710 yards. Thus the American workman, through better machinery, longer hours, greater intelligence, and larger efficiency of labor, produces from one and a half to two and a half times the value turned out by the English operative. Is it not a just and a natural thing that he should receive wages *twice* as great? Yet protectionists clamor for aid from government, because his wages are twenty-five per cent greater! The fact is, that American labor is about fifty per cent the cheaper of the two.

2. But this does not exhaust the record. It is true that American wages are the lower on the ground of productive capacity. It is true that they are the lower in their purchasing power, dollar to dollar. It is not a little striking that in some important industries they are lower as to nominal amount also.

We have the statement of the Department of State under President Arthur, drawn from official returns, that the average wages of all the employés in the English cotton-mills is \$251 annually, for fifty-six hours of labor per week. But whoever will examine our census of 1880 may learn that the average wages of the same class of operatives in the American cotton-mills were \$244 per year, for sixty-six hours of labor per week. It thus appears that even if wages of cotton operatives have not fallen here since 1880, as all evidences indicate, it is nevertheless true that in one of the most highly protected of our great industries, the rate, even of nominal wages, is lower than in England, while the hours of labor are eighteen per cent longer and the cost of living fully twenty per cent higher. In the same way it may be shown, though perhaps in a less striking manner, that in other of our protected industries the average English operative receives more money for an hour's labor than the average American workman, though his production is only half as great.

Let it not be understood that this could be said of all, or of most of our industries; nor, in fact, could it be said of any except those which it is the direct object of protection to encourage, and in which we would the least expect it, if there be any foundation at all for the pleas of protectionists in regard to wages.

3. But even if it were true that both nominal and real wages are higher in the United States than in England, it would not constitute a valid plea for protection, though it

has been highly effective as such. The necessity of protection does not follow as a conclusion. England pays the highest wages of any country in Europe or Asia, and yet she competes successfully in all the markets of the world. Wages in Great Britain are at least three times as high as in India, and twice as high as the average of the rest of Europe; yet the English sell their goods in India and outstrip all the rest of Europe in all the marts of the globe. Why can not we do the same? If the argument of protectionists is worth anything as applied to the United States, it is equally as valid when applied to Great Britain. The fact is, that England pays high wages as compared with the rest of Europe, and especially the protected countries, because her labor is more productive than the labor of Austria, Russia, and Italy, and because she finds that her high wages are cheaper with large production than low wages and the small production that prevails elsewhere in Europe. Are Americans, whose improved processes of manufacture enable them to produce with a given force of operatives twice as many goods as England, willing to confess that we are banished from the markets of the world because of an insignificant difference between the nominal wages here and in Europe? If high wages can handicap a nation, how is it that England can send her ships into every port of the world? Is it a strange thing that our people are perceiving that this plea of high wages and flood of pauper goods is a delusive cry purposely raised to divert public attention from the true design of protection, — the enrichment of favored classes at the general expense?

4. The difference of wages between the United States and England is not so great as it is between the States of the Union. Colorado pays wages three times as high as North Carolina, Dakota twice as high as Alabama, California nearly twice as high as Massachusetts, Illinois higher than

Virginia. If there is any truth in the complaining wail of protectionists about high wages, is it not time for some of our most prosperous and highly productive states to raise the same cry against their less fortunate sisters? But if manufacturers would justly feel ashamed to suggest such a complaint, there is far less ground for the persistent outcry against "the pauper goods and the dangerous competition of Europe."

5. The exact opposite of the plea that high wages make protection necessary is the fact. It is the condition of low wages and not high that needs protection. High-priced labor is often the cheapest, and an industry employing it can take care of itself. Although common labor in India costs only ten cents a day, yet the cash outlay for constructing a mile of railway is as great there as it is in the United States. The iron mines of Russia are worked by serfs at seven cents a day, and yet it costs as much to make a ton of pig iron in Russia as in England. In India it takes one day with wages at ten cents to make by hand a yard of gunny-cloth ; but in England a loom will make one hundred yards in a day ; and though the wages there should be \$2, the cost for labor is only one fifth as great per yard as in India. Just in the same way do we find that American labor is the most productive in the world, is really as cheap as any, and therefore can compete with any nation on the globe. This plea for government aid is based upon the false assumption that if wages are high, profits must be low. The fact is rather that wages are high because profits are high.

6. In Europe this argument is exactly reversed. The economists there understand this subject better than we. An English operative receives more wages in a week than a Russian workman in a month ; and yet the English labor is so much the cheaper of the two that the English products

overleap the wall of Russian tariffs and find a market in the capital of the Czar. In Europe it is understood that the countries of high wages and high productiveness are able to take care of themselves in competition with all the rest of mankind. When David A. Wells was Commissioner of the Revenue of the United States in 1867, he went to Europe in an official capacity to study the leading industries of that continent. At that time he was a strong protectionist. He says: "As I went, note-book in hand, straight from the factories and machine shops of England to the factories and machine shops of the continent, I found that just as wages decreased, the demand for protection to domestic industries and the dread of British competition increased." Europe dreads English competition because it is clearly seen that her superior productiveness far out-balances her higher wages. One day it will be seen in the United States, also, that the high wages which labor can earn, instead of being an evidence of a high cost of production, is direct proof of a low cost; and instead of showing that government favor is needed, it shows that none is necessary.

7. Instead of protection being needed to offset high wages, protection is needed, if at all, to offset protection. It is a truth that we can not compete, to any great extent, with England in the world's markets; but high wages are not the cause of this inability. The chief reason, as was shown, is that we have handicapped ourselves with a mountain of antecedent taxes on raw material. Manufacturers understand this better than any one else. Not long ago a candid manufacturer of Philadelphia said, "Do you think high priced labor hurts us? No; not that so much as the cost of material." There is no wonder that we are not able to compete in the race for commercial superiority with those who enter the course not hindered by such weights.

It may be well to remember that the cry about high wages was originally raised, and is still raised, to divert public attention from this true cause of our banishment from the markets of the world. The time will come when, like England, we will send out our products to all the marts of the globe; but it will never be while we continue to build up a legal barrier to keep our products in and the goods of Europe out.

8. While our manufacturing industries are proclaiming their weakness, and crying their inability to compete, agriculture is sending its cotton and its grain to meet the cotton and grain of India, in the markets of Europe. And yet, as will be shown, agriculture has no favor, and can have no favor, from Government. It does not ask any. Though it is burdened with the major part of the tax which protection imposes, and pays the highest farm wages on the globe, it competes successfully with the Irish peasant, the Hindoo ryot, and the Russian serf. Is there any reason why our agriculture can win its own way in the world, while our iron, steel, woollen, cotton, and silk manufactures must continue to draw bounties from a paternal Government for a score of years? Our farmers pay higher wages than their foreign competitors. In fact, there is a greater difference between the farm wages of the United States and Europe, than in any other kind of production. There can be no reason, except the tariff itself, why all other industries should not assume an equally self-respecting and independent attitude in the commercial world.

9. But we would "stoop to conquer." Let us assume that since wages are high, protection is necessary. How much of it is needed? On woollens the people pay to-day sixty-seven per cent. In theory, it is to offset wages twenty-five per cent higher than the foreign. In fact, it is nearly four times as much as the entire amount paid for wages.

It is shown elsewhere that annually the people pay makers of steel rails a bounty of about \$27,000,000. This is three and a half times as much as the total wages paid in that industry.

The tariff now in force averages about forty-two per cent on the entire volume of dutiable goods; and since foreign goods continue to "inundate" us in increasing quantities from year to year, it is certain that the market price of our protected articles is fully forty-two per cent higher than it would be without any tariff. But the census of 1880 shows that the entire amount of wages paid in our protected industries was less than eighteen per cent of the value of the goods produced. Since it is not claimed that wages are more than fifty per cent higher here than in England, the tariff, on the theory of protectionists, should merely balance this outlay. Of course a tax of six per cent on the entire product would be just sufficient to reimburse the manufacturers for the one third of extra outlay on the score of wages. But instead of taking six, they have taken, and are now taking forty-two, — just *seven times* as much as they claim! Protected on account of high wages, by an average bounty of forty-two per cent, which is two and a half times as much as the *entire amount of wages paid!* Will the people continue to be deluded by such false and misleading pleas? It is intolerable that favored industries should have the effrontery to urge this argument of high wages, when they know that they are receiving, and for a score of years have been receiving, seven times as much bounty as they should receive, even if their claim were true, and it were the proper function of government to guarantee the success of these industries. If Cicero were in our Senate, as he was in the Roman, he would have as much occasion to rebuke our protectionists for their audacity as he did Catiline for his.

How hollow and fallacious appear the words of protectionists when they address the workmen! *The tariff gives us high prices, and hence we can pay you better wages. If the tariff is reduced, we shall have to close our mills and throw you out of employment. Without protection, you will be reduced to the level of English paupers, Russian serfs, and Hindoo slaves!* How false and misleading is their plea to farmers, professional men, and toilers in unprotected industries! *Protection enables us to compete with the pauper wages of Europe, keeps back the disastrous flood of foreign goods, cheapens our products, and brings general prosperity to the country.* Thus from the laboratory of a fertile imagination is evolved a dogma suitable for every occasion; and protection, like the chameleon, can change its colors to suit the varying necessities of the moment.

Is it not apparent that protection is a subtle scheme invented to raise prices and tax the millions without their knowledge, and neither to employ labor nor raise wages? Is it not a crafty device to take money from one man, without arresting his attention, and pass it over to another, under the forms of law? No one in the world knows this better than the men who reap the profits of the system. No one knows any better than they, that the cry "high wages! protection of labor!" on one occasion, and the plea, "pauper goods of Europe, ruin of high wages, disastrous foreign competition," on another, are but delusive catchwords to arrest the public ear, and to capture the votes of men who allow others to do their thinking. The very suggestion that wealthy manufacturers besiege Congress every year to secure the enactment of a high tariff in order to reduce the price of their goods, and to cut off their profits by raising wages, is an absurdity of such transparent and childlike simplicity, that, unless it be uttered as a joke, it is an insult to the intelligence of the American people.



CHAPTER XII.

HOW DOES PROTECTION AFFECT OUR FOREIGN TRADE?

IT has been shown that foreign trade is profitable to both nations engaged therein. All trade has its basis in the fact that each party in an exchange has expended less upon what he gives than he would have to expend in order to produce that which he receives. This difference measures the gain. If we export wheat to England and import coffee from Brazil, it is evident that the exchange is profitable to all of the countries, else it could not have had an existence at all, or, having an existence, it could not continue. In consequence of this mutual profit the extension of commerce has always claimed the attention of enlightened nations. But too often it has been to sell alone.

The ground thought in foreign trade is that it is unwise, even if it were possible, for a country to produce everything which it consumes. A people will export only those things which it can produce more advantageously than other nations. No place can be found in which to sell its relatively more costly products. There is no other reason why we export petroleum and China tea. It follows that what we buy from another nation are the very articles which

it sells low. We pay for them by our most efficient labor, and hence at the lowest possible cost to us.

But protection denies that foreign commerce is desirable. It is the very soul of the system to reject the foreign facility of production, and to call in legislation to compel us to engage in every known industry this side of the impossible. It declares that the advantages of foreign production must be neutralized to our people, and it assumes that legislation has power to do this.

"The Balance of Trade" is a phrase often found in the arguments of protectionists. It means of course the difference between the value of the national imports and exports; and the assertion is that if more is imported than is exported, the balance must be made up by cash. This is declared to be a public loss.

From a historical point of view, is this assertion based on fact or on fallacy? Levi Woodbury, the Secretary of the Treasury under Presidents Jackson and Van Buren, issued a Report to Congress in which it was shown from the books of the custom-houses, that ever since the establishment of the government to 1835 the United States have imported more than they have exported. The facts in regard to this balance *since* the year 1835 may be found in the Annual Report of the Bureau of Statistics on Commerce and Navigation for any year. It there appears that the balance has been steadily against us during all the fifty years. Though in a few individual years the exports exceeded the imports, yet there has not been a single hour in which the balance has not been hundreds of millions of dollars against us. It is worthy of remark that this adverse balance was never so heavy against us as it has been under the Morrill Tariff, which was enacted for the purpose of preventing this very thing. Why we should have continued to do so foolish a thing during all our history as to

persistently throw away the benefits which were expected to flow from commercial isolation, is a thing which no man can find out.

The statement of protectionists concerning an adverse balance is erroneous in the light of good reason also. Instead of being the measure of our loss, it is one of the evidences of our gain. Suppose a cargo of 20,000 bushels of wheat, worth in New York \$1 a bushel, were sent to Liverpool. If it were worth there only \$20,000, the venture was a losing one. But if the wheat sell for \$30,000, and the money be invested in merchandise which will sell in New York for \$40,000, the voyage was attended by a profit of \$20,000, less the cost of transportation. Of course the books of the custom-house will show an adverse balance in this one transaction; yet this money is gain, though only a part of the gain. On the other hand, let us suppose the ship should strike a rock and the wheat go to the bottom of the Atlantic. The theory of the balance of trade would show by figures, which are supposed not to lie, that there were \$20,000 exports and no imports, and hence the transaction was one of clear profit to the country. The same principle holds true of our foreign trade in the aggregate, so that an adverse balance, instead of being evidence of loss, is an indication of gain.

Again the invariable law of exchange is product for product. Gold is only one of these. We can buy nothing abroad, except by reason of something that has been sent abroad. No man can buy and pay for a greater volume of goods than he can produce by his labor. Iceland has small imports, not because the people do not need the good things of the world, but because its production is so small that it can send nothing out to pay for them. The exports of a country always balance its imports, while the

difference in the custom-house valuations usually indicates the gain of the exchange.

But from still another point of view the doctrine of the balance of trade is a delusion. If such a thing as an adverse balance could ever really exist, it would be paid out of the margin in home production. In our country the volume of domestic exchanges is always many times larger than that of foreign commerce. Let us suppose that the value of home production is represented by 10, and the exports by 2. This leaves 8 for home consumption. If, now, the imports are 4, the balance is 2 against us, which is easily paid out of the 8, leaving a balance of 6 in our favor. So long as we continue large producers, we may snap our fingers at the bugbear of "adverse balances." It is only the idler, the spendthrift, who has reason to fear that he will reach the bottom of his exchequer by buying from his neighbors the cheap things they offer him.

The fact is that the argument based on "the balance of trade" is a fallacious remnant of the Mercantile Theory. It is promulgated to excuse the opposition of protection to foreign importation, and to frighten and begot the unthinking. It is often argued that importation takes money out of the country, and must therefore be an evil; and that if we prevent imports, we keep the gold in the country, and are to that extent richer than before. This reminds one of the old idea that the benefits of commerce are one-sided and not reciprocal, — that all selling is gain and all buying loss. This was the precise plea of Louis XIV., of France, that since the millions squandered by him in gratifying his passion for building remained in the country, no harm was done by his extravagance. He even said that the building of the palace of Versailles was a kingly mode of doing charity. But history declares that his improvidence was a chief cause of the horrible French Revolution. From the

time of Pizarro and Cortez, Spain imported the precious metals from her American colonies, and prohibited the exportation of gold and silver in order to keep herself rich. But the country sunk lower and lower in poverty every year, because it would not produce. For more than four centuries the Orient sold to Europe without buying in return. But Europe steadily increased in wealth, and at no time faster than when the lamentation about the eastward flow of gold was the loudest. The gold went because Europe was making a profit by sending it.

The fact is, that products and not metals constitute real wealth; and since an adverse balance usually denotes the national gain and not the amount of specie export made necessary, a country may have a balance against it all the time, as the United States has had, and yet have a surplus of specie and abound in prosperity. When a man hoards gold, we call him a short-sighted miser; when a nation does it, we call it a mark of financial wisdom. No man hesitates to pay out his specie for what he needs. He enriches himself by so doing. So does a nation. There is no such a thing as a national trade as distinguished from the sum of individual trades; and as individuals would justly resent the interference of Government with their private investments, so may the aggregate of men, the Nation, be safely left to manage its own sales and purchases without any paternal supervision or sub-providence of legislation.

But let it be assumed, as protectionists assert, that foreign importation is an evil, and that it is plainly the duty of law-makers to restrict or prevent it. A protective tariff is the engine by which they would do this. But protection signally fails to do the very thing it was called in to accomplish. In 1860 imports amounted in round numbers, as given in the official publications, to 353 millions; in 1870,

to 435 millions ; in 1880, to 667 millions ; a nearly steady increase under protection, *and in a greater ratio than our increase of population.* Last year (1887) the custom-house receipts were \$217,286,893, which were the largest of our history, indicating the largest importations we have ever known. This is not at all strange. Since these goods could not get into the country without paying the duties, it is evident that they would not have been brought here, had not a market awaited them at prices equal to the foreign price, plus the duty, plus cost of carriage, plus a profit on the venture. This shows two things : first, that protection, as already pointed out, raises prices of domestic and imported goods alike by the full amount of the duty ; second, that because of these congested prices, protection does not even tend to prevent importation. As a scheme for the arrest of imports, protection is an utter failure. No one knows this better than our protected manufacturers.

It is a mistake to suppose, as many do, that high duties of necessity tend to prevent importation. All depends on prices. To illustrate : Suppose without a tariff a hat can be sold in New York at \$1.00. Let a tax of fifty cents be laid on foreign hats. Now no importation can take place so long as the price in New York is below \$1.50. The home producers have a monopoly. So soon as the price rises above \$1.50, importation is encouraged, and the higher the price the more is it stimulated. This is the real interpretation of our large and increasing importation.

European merchants have no objection to paying our import duties, since they are immediately reimbursed for the outlay by the price which they receive for their goods, and thus shift the burden upon the American consumer. We are "inundated" far more under protection than we ever have been, or would now be, under low tariff. We are "flooded" to-day as never before. During the ten years

between 1850 and 1860 under a revenue tariff the annual imports averaged \$9.74 *per capita* of our entire population ; but during the ten years between 1870 and 1880 it averaged \$12.07 *per capita*. The fact is, that protection puts a premium on importation, and, by keeping prices at high tide all the time, increases and tends to increase the volume of "pauper goods which flood the country." Is it not high prices, rather than small importation, that protectionists seek? In order to cause inflated values, they are willing to face inflated imports. Both experience and good reason ought to give them pause in their talk about restricting importation by the crude device of a cordon of custom-houses. Trade, more agile than the Tartars, will scale any such a Chinese Wall. The merchants of Europe will continue to laugh at us for our simplicity, as Remus did at Romulus of old, when he leaped over his brother's spade-erected battlements.

But though protection does not restrict importation, it is most potent in preventing exports. To sell abroad has always been deemed so desirable that the Constitution of the United States in explicit terms forbids all tax on exports. It is indispensable that we should produce a surplus for export, else we will not be able to command the surplus of other nations. The chief reason of our inability to export manufactured goods is the tariff which is placed for protective purposes on almost all kinds of articles. Thus from the bottom to the top of the industrial pyramid protection of necessity increases the first cost of our products. But this is not a simple tax: it is a compound one. It is cumulative in its nature. The tax levied by each process is charged up, together with the profit and the interest, upon all subsequent processes expended upon the material ; so that the cost to the finisher of the goods is greater than the sum of all the preceding taxes.

Under these circumstances it is idle to expect our manufacturers to sell their goods in foreign lands. If we can not keep European goods from entering our market, it is infinitely more impossible for us to compete with them in their own market or in the markets of the world. We hear much about over-production. This means in reality, not that too many goods are made, but that the avenues of export are closed by protection, so that our surplus products can not find an outlet across the ocean, or even to our Canadian and Mexican neighbors. The free, unhampered production of England beats us back from every mart we would enter.

Protectionists do not often deny that their system drives us from the foreign market. They content themselves with glorifying the home market. They seem to forget that there are twenty-five times as many people outside the United States as there are within it, and that the larger part of these would gladly buy some of our products did we not by a device misnamed protection cut ourselves off from their trade, and banish ourselves from every port in both hemispheres.

If a nation is making real progress, both its imports and its exports should increase in a greater ratio than population, since this shows a growing production and a higher average scale of comforts. As to imports, we have done that, and we are still doing it. But the ratio of our manufactured exports has been nearly steadily growing less ever since the adoption of the Morrill Tariff. In 1860, under a revenue tariff (see Report on Commerce and Navigation for any year), the value of our manufactured exports was $17\frac{1}{2}$ per cent of all our exports. In 1870, under high protection, it was $13\frac{1}{10}$ per cent; and in 1880 it had fallen to $12\frac{1}{2}$ per cent.

Take up a volume of the Consular Reports which the

Government issues every month. No statement is more frequently made by our consuls in all parts of the world, than the complaining confession that our goods are shut out, not by lack of enterprise on the part of our merchants, not by inferior quality, not by lack of adaptation to the wants of the trade, but solely by their high price. In the light of the facts, all the talk about our growing ability to command the markets of the world and that our supremacy in commerce is being everywhere acknowledged, is a strange mixture of half-truths, sophism, and falsehood.

In this regard, how do we compare with England? When Great Britain struck down the protective system which had been her policy for centuries, she soon took possession of the world's markets. She now easily holds them against all rivals who are handicapped in the race by artificial burdens. The total foreign commerce of the United States in 1877 was \$1,176,000,000, much the larger part of the imports being merchandise, and of the exports agricultural products. In the same year the foreign trade of Great Britain, with a population and a production about half as great as the United States, amounted to \$2,978,355,000,—over two and one half times our own. Almost exactly the same thing occurs every year.

Again, in 1849, when the protective system disappeared from England, the exports of Great Britain were only \$10.93 *per capita*; in 1859 they were \$22.11; in 1869 they were \$29.79; and in 1880 they were \$32.35. In the year 1880 the total exports of the United States amounted to \$16.66 *per capita*,—only half of that of England,—though the volume of our exports in that year was greater than in any previous year in our history.

In 1879 our exports of cotton goods—which was our largest item of manufactured products—were \$10,850,000, which was less than it was twenty years before, under

revenue tariff. During the same year the export of cotton goods from England was \$60,000,000 more than it was in 1860; so that the mere increase of exports in this one line of products was almost six times as great as the whole of our own. How long shall we continue to hear the talk of those who praise the industrial independence and proclaim the commercial superiority of the United States?

All readers of newspapers are familiar with the general and unsupported statement that our cutlery is selling even in Sheffield more freely than the goods of Sheffield manufacture, both being displayed at the same counter and at the same price. What are the facts? The Report on Commerce and Navigation for any recent year will show that our imports of cutlery, chiefly from Sheffield, are from eight to twenty times as great as our exports. A few years ago Mr. Morrill, the author of the tariff, represented Sheffield as rapidly losing control of its favorite industry. But that city is now sending direct to the markets of the United States, overleaping our tariff walls, twice as large a volume of its goods as when the words were uttered. Is it very probable that the grass is going to seed in the streets of Sheffield? So much for the boast that our goods are competing with the products of England under the shadow of her factories, and driving them out of the marts of the world.

Thus with production normally great through natural resource and the increasing use and power of machinery, but now further stimulated by artificial means, with foreign exportation cut off, with importation unchecked, and the domestic consumption reduced by high prices, is it not a natural and inevitable circumstance that our markets should be all the time congested with goods and the channels of trade choked up with the plethora of our production? Over-production is one of the loudest cries of

our times, and there are strong indications that our over-supply of products will be permanent. The result is, that American manufacturers are already compelled to do one of two things, — either to export their goods at a loss, or else restrict their productions by running on short time. No fact is better understood than that they are doing the latter of these things. Both of them mean enforced idleness to thousands, wages reduced to a starvation minimum, and the labor agitation which is sure to follow.

The overshadowing commercial question of the hour is, How shall we obtain more extended markets? In the light of the fact that our production is increasing more rapidly than our population, the high talk which we hear about a home market sounds like the satire of a political philosopher or the plausible half-truths of a sophist. The home market is already full, and protection has no power to enlarge it. No one knows better than our protected manufacturers that the real cause of the stagnation in their business is not high wages, is not low prices, is not foreign competition in our markets, is not the production of too large a volume of goods, but rather the inability to enter distant ports which protection has fastened upon our industries. The time will come, and perhaps at no distant day, when manufacturers will themselves confess that protection does not protect our markets, that its effect is exactly the reverse, and that with a constantly increasing production it is far wiser to seek an international trade than to confine ourselves to a national one which we are forced to divide with foreigners. They will cease to clamor for "protection against foreign products which deluge the market," and voluntarily enter the open field of competition, in order, by securing the world for a market, to insure the existence and prosperity of their industries. This time has already come in the case of some of our most far-sighted and pro-

gressive manufacturers. Many of them are seeing as they never saw before, that commercial isolation is both a delusion and a failure, and that real industrial independence can never come till we secure the world for our market. Many of them are seeing that our markets could not be more "flooded" under absolute free trade than they are under protection ; and that to divide with others a market of fifty millions of people is vastly less advantageous than to divide one of fifteen hundred millions.

The blessings of an unrestricted trade came to England unsought. It came from the unkindness of the climate and the clamors of her starving millions. It will probably come to us also from causes more potent than any device of man. Those most intimately acquainted with the inner, the less apparent, and the more subtle operations of protection — the manufacturers themselves — are seeing that the system is working its own destruction. It has within itself the seeds of death. The people, too, are seeing that the primacy of industry and trade is within our grasp, and that to reach it all hindering restrictions of law must be cast aside. May the final adjustment of the question be reached through the intelligent deliberation of our statesmen and people ; not forced upon us by popular uprisings, or by public discontent emphasizing itself in the turmoils of revolution.





CHAPTER XIII

HOW DOES PROTECTION AFFECT OUR SHIPPING INTERESTS?

FROM the beginning of our history we have been a maritime people. Planted in the wilderness of the New World, the colonies felt that ships were a first necessity, in order that they might draw from England whatever civilized life required, and send to Europe the spontaneous gifts or the crude products of the virgin continent. Beginning with the construction of the "Blessing of the Bay" in 1631, our merchant marine rapidly increased in importance during colonial times, till it became a rival of the maternal "mistress of the seas." In those days such coast towns as Marblehead, Salem, Lynn, and Boston were centres of great activity in the shipping trade. For a century and a half ship-building flourished here not only without any protection, but in the face of the continual hostility of England toward colonial shipping. Although the Navigation Laws of England in 1651 were enacted chiefly against Holland, they were enforced with rigor against all other rivals, and especially against her own colonies in America. In spite of this attempt at repression, our marine interests steadily grew. How great they were at the outbreak of the Revolution,

any one may learn from Burke's speech in Parliament on "Conciliation with America," or in Lord North's final proposals preceding the outbreak of hostilities.

All this was accomplished under conditions of absolute free trade in ships and shipping. But in 1789, by one of the first laws enacted under the Constitution, all foreign-built ships were excluded from registry under the American flag. The object of this law, which has remained in force during all our history to this hour, was to make it profitable to build, own, and use ships in America, by cutting off foreign competition in ship-building. The result now is, and has always been, that no foreign-built ships, even though owned by American citizens, could be used on the ocean, unless they sailed under foreign flags. No ships except those made here can have the protection of our laws. This is prohibition expressed in the strongest language known to law-makers. There are only three things which American citizens are positively forbidden to buy in foreign markets; namely, obscene pictures and books, drugs and instruments for immoral purposes, and *ships*! The first two are evidently in the interest of public morals. The third was enacted for no other reason than to encourage, and if possible to force our people to build ships instead of buying them.

In 1792 it was enacted that no foreign-made vessel should take any part in the coasting trade of the United States. That law has always remained in operation and is on the statute books to-day. Thus our shipping interests have been protected to the point of prohibition for a century.

Under the present tariff and other periods of high protection it has been impossible to build ocean-going ships in this country in competition with the foreign makers, on account of high duties which raised the cost of iron, steel, lumber, duck, cordage, and all material entering their con-

struction. The result is, that for many years our merchants, importers, and ship-masters have found themselves in an embarrassing dilemma in which it was unlawful to buy ships, and impossible to build them.

Let us see the facts. According to official statistics (see Report on Commerce and Navigation for any recent year), the tonnage of American *sailing* vessels entering our ports from foreign countries has decreased more than fifty per cent since the adoption of our present tariff. But the tonnage of foreign vessels has increased over three hundred per cent. During the four years just before 1861 the tonnage of American *steam* vessels entering our ports from foreign countries averaged forty-one per cent of the entire steam tonnage. But during the four years just before 1887 it averaged only sixteen per cent.

It is there shown that in 1856 seventy-one per cent of the entire tonnage, both of sail and of steam, entering our ports from foreign countries, was American, and twenty-nine per cent was foreign. But now only twenty per cent is American and eighty is foreign. In 1860 seven tenths of our foreign commerce was carried in our own ships. In 1870 thirty-five per cent was so carried; in 1875, twenty-six per cent; in 1880, nineteen per cent; and in 1885, only sixteen per cent. Although we have such a large trade with Brazil, we have no line of vessels plying between that country and our own; and we so seldom send out a vessel thither on an occasional venture, that even the Lilliputian kingdom of Belgium has a larger shipping interest with Brazil than we. Furthermore, the Report shows that during the life of our present tariff the marine service of every commercial nation has greatly increased, — several of them more than *a hundred fold*, — except the United States alone. We have declined both relatively and absolutely. These are luminous facts.

This remarkable decay of our shipping can not be accounted for by any natural causes. No country in the world is so well endowed as ours for this particular form of industry. Our timber supply is not equalled in any quarter of the globe. We have mountains full of iron, and vast areas underlaid with coal. We surpass all lands in the growth of cotton for sails, and we equal any in hemp for cordage. Our sailors, from the day of Paul Jones, have proved themselves at least the equals of any other, and American ingenuity has no superior in the invention and use of the most approved appliances for every kind of production. Yet it is conceded by all that ships intended for the foreign trade can not be built in our dock-yards in competition with those of the Clyde. But this excessive cost does not arise from the rate of wages paid ship-carpenters here. It is chiefly owing to the artificial dearness of the material used in the construction of ships.

Thus our marine interests are exposed to the evils of protective taxation on one hand, and to the competition of European ships on the other. With a smaller first cost, and, hence, lower rates for freight, the ships of foreign construction usurp the employment naturally belonging to our own, and they are left to rot at the wharves, or to be sold to the junk-shops.

Every year we pay to foreigners millions of dollars to do our ocean carrying. If this were a natural result, it would be attended by no loss to the country. But it is a result wholly artificial. Our ship-owners should have at least the lion's share of this business. Our ship-yards might resound again, and our ports would be filled with the stars and stripes, instead of foreign flags. Instead of going out half-laden with crude products and returning with an empty bottom, our merchantmen would go into all parts of the world loaded down with finished products, and return

freighted with the good things peculiar to other lands. Instead of sending our goods on a triangular voyage, as we now do, to England, there to be re-shipped with additional charges for handling, insurance, and commission, all at the expense of the original producer, our products would go from our ports direct to the place of consumption.

"Go to the ocean!" thundered Webster in 1814. But Massachusetts has never been able to regain that prosperity to her shipping which the policy of protection took away. There is no probability that she ever will regain it, so long as the system is adhered to. If we would boast of bearing the trident of Neptune, we must abandon a tariff system which during many years has been legislating our merchant marine out of existence. We must abandon a policy which has reduced us within twenty-five years from the rank of a first-class maritime power to a grade lower than that held by us when we were a colonial weakling of Great Britain.

What unrest must haunt the soul of Joseph Rodman Drake, who wrote the beautiful poem on "The American Flag!"

"Flag of the Seas! on ocean wave
Thy stars shall glitter o'er the brave."

Was the poem a joke? Was it a satire? Was it the sentimental bombast of a school-boy? Surely in the light of to-day it sounds like any or all of these,—anything except the sober prophecies of a patriotic American bard.





CHAPTER XIV.

IS THE AMERICAN FARMER PROFITED BY PROTECTION?



VER one third our people are engaged in agriculture in its various branches. It has been a standard maxim in all ages that the cultivation of the soil lies at the base of all other industry. No one will deny this to-day. It is therefore an interest of surpassing importance, and its welfare should be a matter of concern to every citizen.

The farmers have never objected to bearing their rightful portion of the national burdens. But they do demand that in a government based upon the idea of equality, the pressure of taxation shall bear alike upon all.

Protection is shaped and manipulated in the interests of manufacturers; but this class, including in the count all employés in these industries, and their families, numbers less than twenty per cent of our people. How does it affect our forty per cent of agriculturists? The advocates of the system have seen that its perpetuity requires that it shall be made to appear advantageous to as many classes of people as possible. Since the farmer carries more votes than any other class, most strenuous efforts have been made to show the blessings of protection to the agricultural interests.

The one chief plea which protectionists have addressed to farmers is known as the "home market argument." Stated in words it is as follows: The burdens which protective taxation imposes must, indeed, be borne in part by agriculture. But protection so encourages manufacture that more people engage therein, who must be supplied with food by the farmers. This gives a ready and profitable market at home for the surplus products of the farmer, who sells at enhanced prices and without the expense of foreign transportation.

It would be a mistake to assume that this argument has been ineffectual. It has existed for a century, and during all that time it has been persistently rung in the ears of our agriculturists. It constitutes the staple of every protectionist speech in the farming districts. Is it logically sound, or is it only a plausible fallacy?

It is to be noted, first, that protection does nothing to increase the number of consumers of farm products. The same people will require the same amount of food, whether engaged in manufactures, or in some other pursuit, or in no productive occupation at all. From this point of view, it is not easy to see how protection can increase the absolute home demand for farm products.

But, seeing this, a prominent protectionist from Pennsylvania attempted to show in Congress that protection has the effect to increase foreign immigration. If such is really the case, and if the immigrants come to spend their lives in idleness, the plea might be a good one, since more mouths must be filled with bread and meat. But they do not lead lives of idleness. They come to our shores fully resolved to win their way through some productive employment. If most of them engage in manufactures, their competition can but reduce the wages of our native operatives, while it can add no advantage to our farmers, as will be

shown. If one half of them become farmers or farm laborers, they reduce instead of increase the home demand for food. This is the very thing they are doing. They increase production in a greater ratio than consumption, thus hastening our movement toward a general so-called over-production in all branches of industry.

Statistics utterly fail to support the claim of protectionists in regard to home markets. According to the Census of 1880 the wheat production of the country was 460 millions of bushels. We exported in round numbers 180 millions, or forty per cent. About 30 millions were retained for seed, and 250 millions were required for home consumption. The agricultural population consumed about 100 millions, while our manufacturing population consumed about 45 millions, which was only one tenth of the annual yield, and only one fourth of the amount for which we were compelled to find a foreign market.

From another point of view the home market argument is mere theory, and an empty one at that. One operative, attending a machine, will manufacture for five, but he can eat bread for himself alone. Pennsylvania eats her own bread and meat ; but she not only produces steel rails, iron, and coal for herself, but for twenty other states also. Let two other states do the same, and no market for the goods could be found within the area of the Union. We already make more goods than our people will use at present prices, while we yearly export increasing quantities of our grains and meats. "Markets for agriculture can not be extended at home until markets are extended for our manufactures abroad."

Again, the fact is shown by the official statistics that the agricultural exports of the United States in 1860 under revenue tariff were \$295,000,000, or seventy-nine per cent of the entire exports. In 1870, after ten years of protection,

the figure was \$391,000,000, or eighty per cent of the whole amount. In 1880, after twenty years of protection, the exports of farm products amounted to \$686,000,000, or eighty-three per cent of the entire exports. Instead, therefore, of the ratio of home consumption increasing, it has really become less, and a larger per cent than ever before of our agricultural products have sought a foreign market. Instead of securing a growing home market, our farmers are becoming more and more dependent on Liverpool and London.

But even if it could be shown that protection causes an increased demand for the products of the farm, this would be no sufficient warrant for inferring that the agriculturist would be thereby profited. It would lessen the amount exported, but it would in no way affect the farmer's income from his sales. Farm produce is high on this side of the Atlantic for no other reason than that it is high on the other side. It is low here because it is low there. Prices, like the ocean, seek a level; so that if only five per cent were exported, the aggregate value of the crop would be no greater than if ninety-five per cent were sent abroad. If every man, woman, and child in New England were a factory operative it could not raise the price of wheat there one cent a bushel, since the moment the price advanced a shade beyond the figure dictated by the English market, the whole surplus product of the Union would flow there, like the wind, to fill the vacuum.

With the exception of Rhode Island and one or two others, all our manufacturing states produce the major part of the bread-stuffs needed for their operatives. They do not now furnish, and they never have furnished, a considerable market for the farm products of the Mississippi Valley. Even if they did furnish a home market for the farmer, they would laugh him to scorn if he should ask

them to pay for his cereals one cent more than the market price,—the figure dictated by Liverpool.

These are suggestive facts. If protection has any influence at all in increasing the demand for farm products, or in favorably affecting their price, it is quite too slight to be recorded by the barometer of statistics or detected by common observation. The home market idea, as addressed to farmers, is a purely theoretical affair, and has no basis of fact.

It is conceded that protection places a burden of taxation upon farmers; but the home market argument assumes that they receive a compensating benefit. If this is true, why is it that any proposition, even to reduce duties, throws these same interests into a spasm of alarm? If the claim is a good one, the protected industries would derive no benefit, since they would give as much as they receive. The advantages would reciprocally cancel. Their hot opposition to revenue reform and their hasty prophecy of ruin to themselves and to the artisan and laboring classes when a scaling down of duties is proposed, lead to the inference with almost the force of a demonstration, that they are aware that their system does not give the farmers any equivalent for the tribute which it levies upon them.

There is another form of argument which springs out of the home market idea. It is this: If protection be abandoned, manufacturing will be rendered unprofitable, mills and factories will be closed, operatives will be thrown out of employment, millions of people will rush into farming; they will double the volume of agricultural products, they will prostrate prices, and thus plunge our farmers into ruin. No one can be found who has not heard this plea a score of times.

But it is a matter of fact that there has never been any such movement in all our history, through all the tariff

fluctuations of the century. It is safe to predict that there never will be. The nearest approach to it was during the five years following the Jay Cooke Panic of 1873, under the shelter of the wall of high protection. Men do not readily abandon a familiar pursuit and willingly lose a skill already acquired, by becoming novices in a new vocation. Three things are undoubtedly true : 1. If protection were abandoned it would not close our factories, since our lowest tariff did not close one fourth as many as high protection is now locking up. 2. Even if it did, the operatives would not engage in farming, since they never have done so, and they never can. 3. But if they should, they could not sensibly affect the price of farm products, since the world, and not the nation, is the market. The idea thus adduced is not an argument at all. It is only a fraudulent threat. It has the crack of the slave-driver's whip.

If this plea means anything, except a transparent attempt at coercion and intimidation, it is a recommendation to farmers to buy off the competition of manufacturers rather than to meet it in an open field. But it never pays to buy off competition, unless a monopoly is thereby secured. This the farmer can never have, as he must still compete in his markets with all the agriculturists of the world. He must still divide the gains thus purchased with the Russian and the Hindoo. Even if the argument were a good one, it can never profit him to bribe competition. But it is not good. Though dressed in the garb of plausibility, examination shows it to be clothed in the rags of mere assertion and sophistry.

Again, protection in theory and in practice confesses that manufactures are so weak that they must be supported by the stronger industries, and especially by agriculture. But if manufacture can not exist unless it becomes a parasite on the more vigorous pursuits, it would be better for farmers

if every shop and factory and mill were closed, and all their inmates were converted into tillers of the soil, than to support them in a losing business. It is infinitely easier to compete with a pauper in an honest and profitable labor, than to feed him, clothe him, and provide him with spending money.

But protectionists have other argumentative approaches to the self-interest of the farmer. They declare that all industries are favored by protective taxation. They concede that equitable legislation would demand that if the farmer may be called on to pay high taxes on what he buys, he should receive a compensating bonus on what he sells. They assert that he *does* receive reimbursement.

By way of specification we are told that there is an import duty of ten cents a bushel on corn, oats, rye, and barley, fifteen cents on potatoes, and twenty cents on wheat; one cent a pound on beef and pork, two cents on hams, bacon, and rice, ten cents on wool; two dollars a ton on hay; and twenty per cent ad valorem on wheat-flour and vegetables. Do these duties reimburse the American farmer for his protective taxation; or are they mere pacifying sops thrown to an important class of producers, like the tub was thrown to the whale? Let us see.

We import no wheat, no corn, no meats, for consumption. We surpass the world in all kinds of farm products, and we steadily export them in enormous quantities. No tariff on imports therefore can touch them. Almost nothing that the farmer produces, except wool, can possibly be protected, since the tide of trade sets from our shores, not toward them. To write agricultural products, therefore, in the tariff schedules, is either to commit a blunder from ignorance or else to play a trick to silence the reasonable demands of the farmer.

True, we do import a little wheat from Manitoba, but

only because it has no other outlet to market. Once in our history, in 1881, we imported potatoes and cabbages from Scotland, but only because of a universal shortage in the home yield,—when our farmers had no vegetables for market. We also import barley from Canada and rice from China, when we have a deficient crop of our own.

The English market fixes the price of farm products the world over. What the farmer receives for his grain is the European price, less the expenses incident to transportation. The foreign market regulates the price not only of what the farmer sells abroad, but of what he sells at home also. The value of cotton at Manchester fixes the value at Savannah, at Mobile, and at every village in the South. The value of wheat at Mark Lane determines the price at every railroad station in the Mississippi Valley. Thus the farmer is forced to sell his surplus to the very people from whom he is forbidden to buy, and that, too, at their own price. He is compelled to purchase what he requires in a market made artificially high for purposes of protection: he is forced to sell his surplus under conditions of absolute free trade throughout the world.

But this is not the worst for the farmer. Foreign nations are placing a tax on our exports in retaliation for our tax on their exports. Since eighty-five per cent of our exports are products of the soil, this retaliation must be borne chiefly by our farmers. Germany has prohibited the importation of American meats, ostensibly in the interests of public health, but really in retaliation for our prohibitive taxation of German fabrics. Public opinion in France has demanded and obtained a tax of twenty cents a bushel on American wheat, professedly in the interests of French agriculture, but really as a measure of retaliation for our interdiction of French silks, gloves, and laces. Under the cry of "fair trade," an effort is now being made in England to tax our cotton, with

the delusive plea of aiding its cultivation in the British East India colonies. Already England sends her refrigerating steamers to South America, and lays down in London the frozen carcasses of beeves from the Pampas at a lower price than we can furnish the cattle of Texas and New Mexico. Our steadfast proscription of British goods has led England to turn her back upon our cereals also. British capital, under government direction, is constructing railroads into the interior of India, in order that the 300,000,000 bushels of wheat which that country annually sells may be brought to market at Mark Lane. In the last few years the price of wheat has been lower in Liverpool than has prevailed at any time for a hundred years. Enormous harvests in all the fields of the world, and not the tariff, may be the cause of the present low price of wheat in the commercial centres; but nothing can be more certain than that this depression will become permanent, when England, driven from our markets by our tariff, shall have opened, as she soon will, an avenue of approach to the vast cereal yield of India. These things can not fail to result in the permanent injury of the American farmer. They are the legitimate foreign offspring of our protective tariff. The foreign tariff does for the farmer's sales what the home tariff does for his purchases. He is compelled to face ruinous cheapness when he sells, and artificial dearness when he buys.

It can easily be shown that protection increases the cost of transportation. Beyond all other men, our farmers are interested in securing low rates of freight for their bulky products. Though the rates of freight have fallen since 1860 through the competition of railroads, the decrease has not been so marked as it would have been under low tariff. The managers of railroads make no concealment of the fact that they reimburse themselves for their exces-

sive outlay for steel rails and other supplies by the exaction of higher freight charges on all the goods they carry. The aggregate of this excess is something enormous. It is of course a direct levy upon the farmer. Protection thus enforces an export tax on the production of our farms, — a thing odious to our people, and forbidden by the Constitution itself. No farmer will object to paying the legitimate cost of transportation to his chosen market; but that it should be largely increased by the covert device of a so-called protective taxation, is a thing which goads and stings beyond endurance.

A protective tariff is a two-edged sword, and it cuts both ways into the resources of the farmer. It compels him to pay too much for what he buys and to accept too little for what he sells. In other words, it raises, under stress of law, the price of what the manufacturer sells, and unnaturally cheapens the food which he and his operatives buy. Protection is thus a double disadvantage to the former, and a double advantage to the latter. How long will the farmers patiently submit to this legal emptying of their little reservoirs by two buckets at once?

But protectionists assure the farmers that all kinds of manufactured goods are cheaper under high protection than forty years ago under low tariff. This is pointed to with the air of a conqueror. The fact is unquestioned; but the inference therefrom is utterly fallacious. Protection, as we have seen, could not have been the cause of low prices in manufactured goods. Fabrics, metals, and other protected articles are cheaper than half a century ago, through improvement in labor-saving machinery, through skill, through better facilities for transportation, and through foreign competition. On the other hand, the farmers are informed that all kinds of agricultural products command a better price to-day than under our low tariffs. In confirmation of this

they are referred to the "oldest inhabitant," who can remember when bacon was three cents a pound, and calico was forty cents a yard; when wheat was thirty-seven cents a bushel, and salt was seven dollars a barrel; when eggs were three cents a dozen, and thread was twenty cents a spool. All this is not sustained by the facts, when applied to the centres of population. It *is* true when applied to distant and frontier settlements. That it should be true at all, is not owing to protection, but rather to the fact that railroads have opened an outlet to the world and reduced the cost of transportation, so that the products of the western farms have not been retained at the place of production till the glut of crops had destroyed their value.

But the official statistics of the United States warrant the statement that the price of farm products has not increased in the country's markets under protection. The exact opposite is the fact. The Report of the Bureau of Statistics for March, 1884, contains a table showing the average price of farm products in New York, for every year from 1846 to 1883. According to this, the average price of wheat was \$1.59 under the Walker Tariff, and \$1.48 under the Morrill; corn was \$.77 as against \$.66; flour was \$5.83 as against \$4.69; wool was \$.32 in the first period, and \$.28 in the second; timothy seed was \$3.12 and \$2.62. To heighten the suggestiveness of this comparison, let it be remembered that these low values under protection were from 1861 to 1879 expressed in a depreciated paper currency. A specie valuation would show to the farmer a still wider margin in favor of free trade and against protection.

But what is the amount of the farmer's tariff bill? *How much* does he pay in addition to the natural price? According to the Report of the Bureau of Statistics, the average rate of duty collected on imported dutiable goods is about forty-three and one half per cent. Now, since these

goods were imported, it is evident that the whole amount of the duty was added to their price when sold, otherwise they could not have been sold except at a loss, which would have put an immediate stop to importation. It is also evident that the entire volume of our domestic products of the same kind were sold at the same price, else they would have been preferred to the foreign goods, and the latter would have been left without a market.

It is not possible that any official record should state in figures the aggregate sum that farmers annually contribute under the stress of protective taxation. But the official data, coupled with the above facts, open the way to a reasonable estimate. According to the census of 1880, the manufactured products of the year amounted to \$5,369,579,191. Not more than ten per cent of these were exported, leaving \$4,832,621,272 to be consumed at home. Let it be assumed that eighty per cent of these were dutiable goods and twenty per cent on the free list, which was not far from the truth. The dutiable then were \$3,866,097,017. The value of dutiable merchandise imported for consumption into the United States in 1880 was \$419,506,091. Hence the amount of dutiable goods consumed in the United States during the year was \$4,285,603,108. Now, since this figure was on an average $43\frac{1}{2}$ per cent in excess of the free-trade price, the amount extorted from our consumers by the tariff was \$1,299,120,000. The American farmers and their families consumed one third of these goods. Their tariff bill therefore was \$433,040,000. This is indeed a crude approximation; but it is far too real to be thought a mere man of straw. How much of this vast treasure was a legitimate assessment to meet the needs of revenue, and how much a premeditated bonus to manufacturers, may be left for individual judgment to determine. It may, however, be stated

as a fact that during the last ten years the average amount collected on imports has been about \$200,000,000. If the farmers could be rightly called on for one third of this, we have a balance of \$366,374,000. This appears to be the amount extorted from the patient American farmers *in excess* of the needs of government extravagantly administered. Is it not time that the American farmer should decree with emphasis, not to say explosive force, born of long sufferance and patient endurance of wrong, that such an outrage shall no longer exist?

For over half a century protected manufacturers, — a mere fraction of our population, — aided by political allies, have mystified the farmers, sometimes by rank assertion, sometimes by sophistical pleas, and thus have gained their consent to pay for their supplies prices artificially enhanced, and to sell their produce at prices artificially depressed, in order to enable the said manufacturers to carry on branches of industry which, by their own showing, would otherwise be wholly unprofitable and impossible. It remains to be seen how much longer this large class will consent to be thus ground between these two millstones of wasteful taxation.

In two ways have the farmers of the United States made the protective system possible. First, by their votes. It could not exist a month did it not receive either the active support or the tacit toleration of agriculture. Second, by sending their mighty surplus to pay for our imports from Europe. Without this as a prop, the fabric of protection would have crumbled long ago from its own weight. In times of financial stringency and disaster the country has grown into prosperity again chiefly through the productiveness of agriculture. Do princely manufacturers acknowledge their obligation to the plain agriculturist? Should they not cease to look upon him as the proper subject for

a legal plucking? Should they not credit the very existence of their system of taxation to the great fact that so wonderful are the capacities of our soil that our farmers are not broken down under the burdens of taxation which they bear, though they foot one third the bill of legitimate government revenue, and at the same time pass over a magnificent gratuity to our bounty-loving manufacturers? Will the tillers of the soil continue to listen to the sophistries of protection when it comes as a pauper to their houses, which for a quarter of a century it has been robbing under legal forms? Will they continue to tolerate a fiscal policy which covertly robs one class for the enrichment of another, and whose only language is that of the horse-leech's daughters, "Give! give! give!"?





CHAPTER XV.

THE RELATION OF THE LABORING MAN TO THE PROTECTIVE TARIFF.



LABOR is the producing agency in all wealth. It lies at the base of all industry. The manufacturing system on both sides of the ocean has shown that labor may be advantageously employed in large factories, constructed for the purpose, and filled with costly machinery and skilful operatives. In every part of the country not exclusively agricultural these operatives constitute an important element of population; and it is pertinent to inquire what is the relation of these employés and of all laboring men to the protective system of taxation.

Nothing is more familiar in the tariff controversy than the plea of protective journals and speakers, — that a high tariff is needed in the interests of American labor.

It is a significant fact that protectionists — whether in debate, on the stump, writing editorials, or penning “platform palaver” — do not so often urge protection as being a benefit to manufacturers, as they demand it because it is necessary to secure prosperity to the laborer. How far are these disinterested professions well based, and to what extent are these supposed benefits real?

1. It is argued that these benefits come to the laborers chiefly through the increased wages which protection secures to them. This subject has been already discussed in the chapter on Wages; and it is there shown that a high tariff reduces wages both in theory and in fact below the standard prevailing under a low tariff or absolute free trade.

Labor enters the market as any other commodity, and the price is governed by the great law of supply and demand. It is contrary to the laws of business that men should pay two dollars for a day's labor when they can command it for one. Sure it is, that no manufacturer has yet been found who will thus voluntarily reduce his profits for the sake of realizing his theory. He employs his laborers at the lowest market price, wholly without any regard to how much protection his industry may have received on the tariff schedule. In this matter of wages protectionists usually begin, proceed, and end with blank assertion. They do not attempt to show that in point of fact the workman ever has received, or under the laws of business ever can receive, better wages on account of protection. The facts and figures are all the other way.

Until some protectionist writer or orator shall be able to show by something more convincing than assertion that protection raises the wages of labor, the statement will continue to be believed by many that this professed solicitude for the laboring man is really to capture his vote in support of their system, and to divert public attention from the fact that it enriches specified classes at public expense. Until highly protected capitalists can show how protection does, or how it can, raise the rewards of labor, they must still expect themselves to be styled, by a rather intemperate metaphor, "law-protected vampires, sucking blood from every consumer of their products."

2. Again, the high prices which protection causes bear with peculiar weight upon the poor man and the laborer. The tax does not fall equitably upon people according to their ability to pay, but in the ratio of their purchases and consumption. The poor man pays relatively a much higher tax than the rich man. The laborer spends almost his entire income on the necessities of life ; but the millionaire spends but a small portion of his. It follows that, though the latter may have spent a greater sum in dollars, he has made a much smaller sacrifice for the support of the system than the former. John Bright, during the free-trade agitation in England, showed that while the rich man paid only one per cent of his income in protective taxes, the poor man paid, in most cases, twenty per cent of his wages. This state of affairs could easily be shown to exist to-day in every humble home in the United States. It is a necessary operation of the protective machinery. The system can be justly arraigned for oppressing the poor.

Carefully compiled statistics show that ninety-five per cent of our people earn less than \$500 a year. If all of this be spent in dutiable goods, forty-two per cent of it will go as the tax imposed by protection. It is the aim of all just taxation that it shall bear with equal weight upon all. This can never be said of indirect taxes, and especially protective ones. No other class of our people are so highly taxed as the very ones that should bear the least burden, — the poor, the laborer, and the man of modest means.

3. This is not a simple tax. It is, like the tax on raw material, a compound and cumulative one. The importer pays the tax and passes the custom-house with his goods. When he sells to the jobber he adds his per cent to make his gross price. When the jobber sells to the wholesaler he adds his per cent to what the goods cost him. So does the wholesaler. So does the retailer. Thus when

the goods reach the consumer, the tax has swelled, like compound interest, much beyond its original volume. All this accumulated burden the final purchaser must bear alone. It is one of the peculiar iniquities of protection that it visits the heaviest assessments upon those who are able to bear only the lightest. It is utterly out of harmony with that theory of equality which lies at the base of the Republic.

4. In another way the wealthy have been favored at the expense of the poor. For several years we had an income-tax in connection with the Morrill Tariff. This being upon persons of good incomes only, in some degree "evened up" the difference in the burdens borne by the rich and the poor. But this tax was removed years ago at the clamors of the wealthy, and the heaviest part of the burden was thrown back upon the shoulders of the poor man and the laborer.

5. There is yet another way in which protection operates inequitably to the oppression of the poor. It is a marked feature of our present tariff that the lowest taxes are placed upon articles of luxury and splendor, and the highest upon necessities and those made of the commoner and cheaper materials. Thus the millionaire pays but ten per cent on his diamonds and all kinds of precious stones and on statuary. But the laborer pays seventy-four per cent on his carpets, sixty-eight per cent on his woollen hose and woollen hat, sixty-five per cent on woollen blankets, sixty per cent on thread, and eighty per cent on window glass. It is true that he, like "the curled darling of society" may buy his ottar of roses, oil of bergamot, cardamom seeds, and most kinds of perfumery at absolutely free-trade prices! What satirical incongruities exist in that inscrutable document, a tariff schedule enacted for protective purposes!

6. Instead of increasing opportunities for labor, protection makes employment uncertain. Under the stimulus of bounties too many mills are started. Soon a larger volume of goods is produced than the markets will absorb. Then prices fall. Then wages are reduced. Some mills stop and the rest run on short time. Hands are discharged, and strikes, riots, lock-outs, and labor troubles ensue.

This is not an imaginary picture. It is being realized every day of the year. In his last State Message President Arthur, himself a reputed protectionist, said: "We have a system of productive establishments more than sufficient to supply our own demands." For the rest, glance over any newspaper. At such times goods are cheap as compared with prosperous times; but the laboring man, being out of employment, has nothing to buy them with. Steadiness of employment, with established wages, is better for every man than full wages at one time, low wages at another, half time at another, and no employment at all at another.

7. But as has been shown, protection cuts off the foreign market for our manufactured goods. This misfortune falls more heavily upon the workingman than any other class. When the home market will take no more goods, the proprietors can protect themselves against loss by cutting wages, by half time, or by closing the mill. One of these three things they are constantly doing. Thus they shift upon the operative a burden which does not belong to him, but which he must patiently endure, since he can neither throw it upon others nor curtail his expenses to meet it. The English operatives of to-day have found out that the world for a market, with free trade, is a hundred per cent better for them than an insular market, with protection.

8. Again, one of the fundamental purposes of protection is to reduce or prevent importation of foreign goods. To the extent to which it really does this, it curtails the market

of foreign goods and throws foreign operatives out of employment. Many of these wage-workers then take refuge in this country to compete with our own workmen. This has been one of the chief causes of the fall of wages under our high tariff.

9. Again, laborers, like farmers, can have no protection. All our traditions declare that this government shall be a refuge for immigrants from all nations. It is our theory that all law-abiding and industrious immigrants help to develop the country and add to the national wealth. The phrase, "protection of American labor," is a very popular one with protectionists. It would convey the impression that in some way not quite obvious, labor is protected by the tariff. But the truth is, that we have absolute free trade in labor, all mankind being welcome to come and engage in any productive employment. We forbid the importation of European goods, but allow the free importation of European laborers. Is there any reason that we should have perfect free trade in labor, and yet not have free trade in the products of labor? Is not the cry, "Protection of American labor!" a fallacy so ridiculous as to become a satire?

Not only is the native workman left without protection against foreign rivals who come to our shores, but their rivalry is often encouraged by the very men who shout "Protection of labor!" In recent years it has become a frequent occurrence that foreign laborers are imported under contract at low figures, with the deliberate purpose of giving them employment by displacing native workmen. Thus Hungarians, Italians, Belgians, Chinese, and others have been imported in herds at starving wages by the very men who ring all the changes upon "protection of our labor." All are acquainted with one of the first of these importations, — when in 1871 a large force of Chinese

were taken to North Adams, Mass., and employed at low wages to the permanent displacement of the white shoemakers, who had been forced by reduction of wages into a strike.

Let one example suffice: It was testified before the Tariff Commission (see page 1,039) that in 1878 the masters of the glass-works at New Albany, Indiana, hearing that there were idle glass-workers in Belgium, sent an agent thither, who made a contract for their labor at fifty cents a box, — one third the price paid to the native employés. "Three hundred of these people were brought over at the expense of the proprietors, and landed at New Albany; and without warning, the American workers were given the alternative of a discharge or sixty cents a box. They indignantly refused, and the Belgians were put to work in their places." Is this what is styled "protection of American labor"?

Among the much iterated phrases of protectionist journals and speakers, none is of more frequent recurrence than "pauper labor." This means that the labor of foreign workmen is the toil of paupers, since their wages and their scale of comforts are assumed (in many cases falsely) to be lower than those of our native workmen. It means that the importation of the products of this "pauper labor" would be disastrous both to our manufacturers and our operatives. But it is chiefly a mere rallying cry to terrorize the unthinking, and as a whip to lash back into the party harness those who are about to run away.

But the American farm-laborer, as was shown, *does* compete with the "pauper labor" of India and Russia in the markets of Mark Lane and Liverpool. The American operative *does* compete with the "pauper labor" of all Europe when transatlantic laborers are free to flock hither, or are imported like cattle by protected manufacturers.

The protectionist, on his own showing, entices the plowman from the farm or the immigrant from Castle Garden, sends him into an iron-mill or thrusts him down into a mine at the lowest wages ever paid in the United States, and then rushes to Washington, asking with indignant sorrow whether an American citizen is to be forced to an equality with Russian felons !

These things show that the manufacturers who are usually men of wealth, and hence need protection the least, are guarded by legislation in all directions, while our workmen, who need it the most, are left unprotected at every point. They show that the solicitude of protectionists for the workman, is either a profession born of ignorance, or else a deliberate attempt at deception. They show that no class of our people are more forgetful of the interests of our wage-workers than the very persons in whose interest protection was adopted, and who are so persistently raising the misleading cry of protection to domestic labor.

Of course, protection can not continue to have a legal existence in this country without the approval of the farmers and the laborers. For this reason the most industrious efforts have always been made, either to convince these classes that protection is both righteous and beneficial, or to hoodwink them into a blind adoption of its doctrines, or to distract their attention to other issues. Though they are an essential factor on election-day, their judgment is not invoked. The voice of the laborer is never heard in the lobby. He is quite a forgotten party in the scramble for self and for greed. Though laborers are the economic equals of capitalists, their contribution to production being no less important than money, their interests have been systematically ignored by the makers of tariff schedules.

There is but little wonder that workingmen who look beneath the mere surface of things, are losing faith in

protection, and are rebelling against the Protective System, as our great-grandfathers did against the Colonial System. They are rapidly learning to do their own thinking, not accepting opinions ready made for their adoption by our theory-builders and metropolitan journals. They are seeing that under protection manufacturers become more wealthy while they become more impoverished. They are seeing that protection is a misnomer as applied to them, that no restriction is placed on the immigration of European workmen, and that English mechanics are returning to their old home because the larger purchasing power of wages there more than counterbalances the higher wages here. As a people, we are seeing more clearly from year to year that the abolition of all monopoly, whether national, state, municipal, corporate, or individual, is a necessary and should be an early step toward that "ideal government in which an injury to one is the concern of all."





CHAPTER XVI.

HOW FAR DOES PROTECTION BENEFIT THE FAVORED INDUSTRIES ?

PROTECTION *does* benefit the favored producer. To assert that manufacturers are not profited by the system, would be to assert the incredible thought that for whole generations they have advocated and secured the adoption of a scheme of taxation which was all the time operating to their injury. The immediate benefits of protection upon those favored by it are so evident that it may easily be shown to be one of the chief causes of the growing disproportion of wealth among the people of this country, — the increase of millionaires and paupers.

But under all our tariffs, and especially the Morrill, influences have been at work which, in all cases, have greatly reduced the profit of manufacture, and in many cases have forced it below what would have been realized under absolute free trade or a revenue tariff. Let us look at some of these influences. It is to be noted, as we proceed, that not one of them lessens or tends to lessen the burdens of the people. They simply nullify protection to its beneficiaries without removing any of the objectionable features of the system heretofore adduced.

1. Protection utterly fails, as was shown, to protect the manufacturer against foreign importation, though this is one of the chief purposes of the system. If a tariff were placed so high in relation to home prices as to be prohibitory, the Government would receive no revenue. No one, therefore, has asked for such a thing; though on some articles it has been craftily and covertly obtained. Protection asks only that producers in this country be placed, as to prices, on terms of equality with the foreign producer. As has been shown, when the price is raised to this height the foreign goods may still pay the duty and enter our markets as largely and as easily as they could under absolute free trade. This is the very thing that foreign goods have been doing for many a year, and the tariff has no tendency to keep them out. The Report of the Bureau of Statistics for any year shows that importation of the very classes of goods named in our highest schedules is increasing from year to year more rapidly than our population. It would be easy to mention many striking examples of this, to show what a loose grip we have upon our own market.

2. While not protecting the home market, protection cuts off our manufacturers from the foreign one. This has elsewhere been shown. Only about five per cent of our exports are protected commodities, and only twelve per cent are the products of manufacture, the rest being petroleum and the yields of agriculture. No protected manufacturer lays any claim to the foreign market. In fact, the very theory of protection is based upon our confessed inability to enter it. The result is an overproduction of our mills and factories, which, in turn, is the chief cause of strikes, lock-outs, short hours, reduction in wages, and depression of trade.

Forced and bankrupt sales of goods do not relieve our congested markets, since the home supply is not thus re-

duced. The goods truly change owners, but they go to the very quarters relied upon for future sales. The British manufacturer relieves any temporary glut of products by sending his surplus as far from his island as possible. But we, not having access to outside markets, have no alleviation but to stop production.

In the light of all our experience in these things it would seem to be as plain as the figures on a blackboard, that, by debarring us from other markets, protection not only inflicts starvation wages and diminished employment upon operatives, but is of very dubious advantage to manufacturers themselves.

3. Even within what is left of the home market, the profit of the manufacturer is reduced by the tariff on raw material. The only way to offset this is by higher rates on the finished goods. Thus a tariff on wool means a yet higher tax on woollen fabrics; that, in turn, means a still higher rate on clothing. Thus protection is a system of accumulated burdens to the people in order that the favored ones may get their bounty.

No one realizes this influence half so well as protected manufacturers themselves, and it constitutes, in their opinion, a strong objection to our scheme of national taxation. All readers of the Report of the Tariff Commission must have been impressed with the continual complaints made by heavily protected manufacturers against this very thing. In reading their elaborate and carefully prepared papers before the Commission, many of them pointedly declared that the antecedent taxes which they were obliged to pay on their materials reduced their profits to a minimum, in spite of their protection. Some of them said it would be better for them to have no protection at all, than to be thus handicapped; and others said that this tax, and not high wages, is what obliges them to sell at a high price.

As an example, J. Schoenhof, a large woollen manufacturer of New York, used the following language: "Manufacturers of finished goods are not protected. They are worse than protected. Equal protection means protection to no one. You can not protect the raw-material man and the maker of finished goods at the same time. High-priced material means ruin to the manufacturer." Though confessing that his industry was protected by a tax of one hundred per cent, Mr. Schoenhof deliberately stated that it would be better for him to enter the market on a plane of absolute free trade. James Means, the large manufacturer of boots and shoes, Boston, has issued a circular to his operatives showing how protection is harmful both to his interest and theirs. Many further examples could be given. These complaints are well founded, and no assertion is more true in the whole doctrine of free exchange.

Much that has been conferred by one section of the tariff has been taken away by another. The manufacturer has purchased the right to shear his countrymen like sheep by conceding to his fellow-shearers the right for them to shear him. By cutting off the supply of cheap material, protection has rendered it as impossible for our manufacturers to make cheap goods as it was for the Israelites to make bricks without straw.

4. Many manufacturing industries can not have any protection, and yet they are compelled to pay a protective tax on the materials used by them. To illustrate: No agricultural implement is mentioned in any tariff schedule, and its maker could get no protection even if it were, since our farmers do not buy the foreign article. Yet the maker pays a duty on the lumber, iron, steel, paint, used by him. A large number of our industries are thus taxed without return benefits, — as house-building, furniture-making, smithing of all kinds, founders, and the makers of all

kinds of machines. It is not strange that important classes of makers even of material products (the only kind the tariff attempts to protect) should clamor, as some of them are clamoring, for a lowering of the tariff bars.

5. Our tax on raw material imported has had a tendency to reject crude products from our markets and make them cheaper in foreign lands. Thus protection here confers a benefit upon the European manufacturer, enabling him to compete in our market still more successfully than he could even under free trade.

6. The excessive profits which protection gives to manufactures are likely soon to be absorbed into the general condition of the business and in large degree disappear. That is to say, an excessive margin of profits induces extravagant expenditures, wasteful processes, and the use of imperfect machinery. Only the man who is confronted with hot competition and small profits is kept fully abreast of the times. Prosperity makes the possessor prodigal and negligent. Secure a man against competition, and you remove the incentive to progress. Under these circumstances, only a portion of the tax appears as profits, though the burden bears with undiminished weight upon all who consume. This is another way in which protection nullifies itself.

7. By raising the price of protected articles the system injures the manufacturer, since it reduces the demand for his goods in his own market. Cheapness always stimulates consumption; and it is a mistake to assume that the home demand is sated when prices are high. A fall in the price of goods, within certain limits, quickens sales in greater ratio than the fall. "Small profits and quick sales," is a wise business maxim. Even if the whole of the tax were absolute profit to the producer, as it is loss to the consumer, a true business acuteness would lead him voluntarily to relin-

quish a part of it, in order that he might swell his sales in still larger ratio, and thus increase the volume of his profits.

8. There is to-day a keener competition between our own manufacturers than they ever had with those of England, — keener than they would now have under even absolute free trade. The factories of the East fear those of the West, those of the South fear those of the North, — far more than they fear those of Europe. Combinations and “trusts” can not last. They are but makeshifts. Nothing will finally answer the purpose of our great producers but a clearing of the race-course for the freest competition with all the world.

9. From the position assumed by protectionists, their system, while entailing loss upon the masses, is without gain to the manufacturers. It is the theory that the protection should be equal to the advantages enjoyed by the foreign manufacturer in excess of the domestic producer. The idea of a legal bonus is rejected, and they strenuously insist that the tariff-tax does nothing more than to place our manufacturers on an even footing with their foreign competitors. If this is correct, it is evident that the tax paid by consumers is without any profit to the manufacturer, serving merely to make his business possible. The loss is as absolute as though a highwayman should rob a traveller, and then throw the money into the sea. We may take “judgment by confession” of protectionists themselves that the system is a positive evil to one class and no benefit to the other.

If, however, this claim is untrue, as would be inferred from the outcry for government recognition, they then become the beneficiaries of national taxation, and are receiving a pure gratuity from the earnings of the people, for which they do not have even a theoretical justification to adduce. Which horn of this dilemma will they take?

By clamoring for protection the manufacturer tacitly admits, and often confesses in words, that his industry is a

weakling that can not stand alone. Thus he is voted a gratuity from the pockets of the people. But in some manner it turns to ashes in his grasp. It is his apple of Sodom. Nothing is more patent to every-day observers than that when hard times strike the country the protected industries are the first to succumb. They suddenly collapse like a house of cards, or tumble one at a time like a row of bricks. One of the most striking paradoxes of our day is the fact that it is seriously argued that protection is the cause of our prosperity, while our most highly encouraged manufacturers are nearly all the time claiming to be in distress. While our bounty-loving industries are demanding more protection, and protesting that bankruptcy is at the door unless they obtain it, our untariffed industries go straight ahead, paying the highest of wages and sending their products to all parts of the world.

The theory adopted by protectionists is that it should cover every industry. This is equitable. If one may claim it, surely every other one may do the same. But this necessarily reduces protection to a nullity. In proportion as tariffs are broad, or cover every industry, they defeat themselves. By such a course our industries are like the old man and his five sons, who traded coats all day among themselves. At night each one had the same garment as in the morning. Or, to change the illustration, the attempt we have been making for so long to protect all classes is as absurd as it would be for the county treasurer to pay to every man a rebate of forty per cent on his taxes.

Again, if protection were really a protector of one nation against others, all nations would adopt it. Thus each one would secure the maximum of benefit to itself. But this would involve an absurdity. Each one would grow rich by robbing all the rest. Instead of proving of advantage to any, it would prove to be an injury to all. The universal

adoption of protection by the nations could but tend to universal impoverishment, besides being the cause of commercial hostility, jealousies, and war.

Manufacturers are themselves beginning to see and confess that they are the victims of a mistaken policy. One evidence of this is the statement of the men themselves. Another is the fact that some of our heaviest manufacturing firms have established branch houses in England, in order to be enabled to compete in the foreign market.

Another evidence is the fact that the men who are most dissatisfied with the provisions of any tariff are the very ones whose industries have been most carefully looked after. Among the several hundred persons who appeared before the Tariff Commission the reader will scarcely find one who declared himself satisfied in all respects with the provisions the existing tariff made for his welfare.

There is no class of our people who see so clearly as our manufacturers, that our home-market is over-supplied, that it is invaded by foreigners, and that distant markets can not be reached. Experience far from sweet has taught some of them that while half measures may injure them, relief will come when they can participate in open competition with those free-trade countries which are rapidly monopolizing the exchanges of the world. Our shielded industries have good reason to cry out, — and some of them are crying out, — to be delivered from their friends. From this point of view it seems not improbable that the abolition of protection will, at no distant day, be demanded by manufacturers themselves.

Thus the logic of events is slowly and painfully giving our people a lesson. The march of facts is teaching the truth of science, that all legal interference with the natural laws of business can but work open injury to the many, while it offers but a delusive promise of advantage to the few.



CHAPTER XVII.

A GLANCE AT SOME OF OUR PROTECTED INDUSTRIES.

SOME of the influences and effects of protection are perhaps most clearly shown by a study of the system in its relation to specified industries. Let us now see, in the light of official statistics and other facts, what has been its record during twenty-five years in some of our leading branches of manufacture.

IRON AND STEEL.

Iron is a staple material of this age. It is necessary to civilization. It ought to be made as cheap as possible to all our people. Instead of this, its price has been artificially raised by an import tax on iron in all its forms. It would seem that "geographical protection" would be protection enough. But the expense of loading the iron on ships, transporting it three thousand miles to our ports and unloading it here, was not deemed to give a sufficient encouragement to our capitalists. Hence Congress was importuned for a legal bonus in addition.

On pig iron the duty for years has been \$7 a ton. Under this stimulus blast furnaces sprung up all over the country. At first the duty was added to the foreign price, and the

owners rapidly grew rich. But their capacity of production so far exceeded the requirements of the country, that during the depression following the panic of 1873, prices declined, and over half the furnaces were closed and the employes turned adrift. The artificial stimulation of this industry was thus unfortunate for itself and damaging to the country.

On the sudden return of activity in the iron trade in 1879, all this was changed. The duty of \$7 a ton was again added to the price of the foreign article on a production of 2,301,215 tons in that year. The importation was 87,576 tons. Thus, during 1879, the treasury of the United States received a revenue of \$613,032 from pig iron, and the treasury of the Pennsylvania iron maker a bounty of \$16,108,505, a ratio of \$1 for the government to \$26 for the protected manufacturer. This startling disproportion is not an unusual occurrence.

A fact in our tariff on wood screws serves to illustrate the operation of protection in a large number of other branches of manufacture. The duty is from six to twelve cents a pound, which is so high as to be entirely prohibitive, the article not being imported at all. The result has been to give a bounty to the owners of our two establishments making screws, at the expense of all the people.

The manufacture of Bessemer steel rails for railroads furnishes some suggestive facts. Previous to 1870, the protective duty was forty-five per cent ad valorem. In that year a combination of the steel companies, foreseeing that the decline in the price of rails would be permanent, and had not then reached its limit, demanded of Congress a specific tariff. At that particular time the ad valorem duty amounted to \$28 a ton; hence that figure was fixed as the specific tax. It continued so till 1883. As the price continued to fall, the new tax gave the manufacturers a much

higher rate of profit than the *ad valorem* had given. During several of those thirteen years the difference between the domestic and the English price was the full amount of the duty. The average difference was \$24.44. Prices were kept at high tide, and our producers had a monopoly. It was a brilliant realization of the aims of protection; but it is observable that protectionists never "point with pride" to this record.

During the eleven years between 1870 and 1881, there were laid in the United States 4,279,831 tons of steel rails, of which 3,660,134 tons were of domestic, and 619,697 of foreign manufacture. Since the price was raised by the tariff an average of \$24.44, it follows that during that time the Government received a revenue of \$17,351,516, while the home manufacturers received a gratuity amounting to \$105,385,079, a sum six times as large as the revenue. Thus protection accomplished its purpose of securing as much bounty as possible, while reducing the revenue to a minimum.

True, we have had a surplus of revenue for several years. Instead of this being a contradiction of the above deduction, it does but emphasize most strongly the evils of the protective system. How heavy must be the burdens of the people when they are compelled by law to pay six dollars in bounty for every one dollar they get into the treasury, which, nevertheless, is so full as to receive yearly \$100,000,000 in excess of our extravagant expenditures! It would baffle the ingenuity of man to devise a more wasteful scheme of national revenue than that which protection contemplates and enforces.

WOOL AND WOOLLENS.

The history of our experience under our tariff legislation on wool is a dismal recital. It has been unfortunate for all parties.

That our growers of wool have not been benefited is shown by two facts: 1. Their product has not commanded so high a price on an average as it did under the revenue tariff of 1857. In fact, for years in succession, wool has brought lower prices than have been realized since it ceased to be a branch of household manufacture. 2. The number of sheep owned has steadily decreased, except in the great grazing States, as Texas and New Mexico. The European and Australian wool-growers have not prostrated, and never can prostrate, the business of the American wool-grower. But the exact adaptation of our great grazing areas and the ranches in the West to the sheep-raising industry, has taken it out of the hands of farmers in Vermont, Pennsylvania, and Ohio, in spite of all that protective legislation could do to prevent it.

That the woollen manufacturers have not had a bonanza at their command, is shown by two facts: 1. According to the census returns of 1870 and 1880, their business shows a smaller per cent of profit than any other of the leading branches of domestic industry. 2. For the last fifteen years more of their mills have been standing idle or have been converted to other uses than is the case in any other of our protected manufactures. Though for a quarter of a century we have been protecting the woollen industry in all its forms, it was never in so depressed a condition as it has been in during nearly all of those years; and there probably never was so large a ratio of our people who are clothed in woollen goods of foreign manufacture as at the present time.

That the woollen operatives have not profited is also shown by two facts: 1. According to the census of 1860, the average annual wages paid in the woollen mills of the country was \$359.26, while in 1880 it was \$298.67, — a reduction of seventeen per cent. 2. While receiving di-

minished wages, they have been compelled to pay on all their purchases of woollen fabric an increased price of from thirty to one hundred and fifty per cent, as a direct result of the high tariff on that article, not to mention their other purchases.

That the American people as consumers of woollen goods have not been benefited, is shown by the fact that under the Morrill Tariff they pay more for their cloths, carpets, and blankets, than the people of any other nation in Europe or America. If this were not true, importation must have ceased, which has not been the case. But so nearly has the domestic price been kept at the prohibitive point, that in some kinds of goods the imports have been insignificant. Hence the treasury gets the smallest possible amount of revenue, and the people pay the greatest possible amount of bounty to the manufacturer. Thus in 1881 the treasury received, as import tax on woollen blankets, a meagre \$2,000, while the people paid, in consequence of the artificial increase in price, probably a thousand times that sum in the same year.

The tariff on wool and woollens has done nothing to render us commercially independent of foreign nations. The importation of wools in 1880 was 128,000,000 pounds, while we exported only 191,551. We imported \$33,613,000 in manufactured woollen goods, and exported to the value of only \$216,576. Thus we imported six hundred and sixty-six times as much raw material, and one hundred and fifty-five times as much finished product, as we exported. And yet the air is full of much talk about the tariff securing us the home market, and about the restriction of foreign competition.

The high tariff is in part responsible for a fraudulent feature in the woollen manufacture, — the use of shoddy and spurious fibres. Owing in large degree to the duty on

raw wool, we have learned to mix shoddy and cotton with wool to an extent and with a degree of skill that can not be surpassed. In the census year our manufacturers of woollen goods used, according to their own figures, 169,000,000 pounds of wool, 55,000,000 pounds of shoddy, and 81,000,000 pounds of cotton,—that is, three fourths of a pound of false fibre with every pound of genuine. This gives color to the charge that in all articles susceptible of adulteration the quality becomes poorer as the tariff on material becomes higher. Thus a premium is put upon dishonesty, and the business of honorable manufacture is at a discount. As one remedy for this, pull down the barriers.

COTTON.

When Columbus saw the natives at San Salvador, the women were clothed in coats of cotton. From that day to this, the growth and manufacture of the fibre has been an industry in America. It has never owed its existence to legislation. In 1816 the power-looms of Mr. Lowell, at Waltham, succeeded so well that the proprietors stated to Congress that they were making a satisfactory profit and did not need any further encouragement. It is a historical fact that the protection of cotton manufacture was adopted in response to the demands of those who were shiftless in their processes, and those who adhered to the use of inferior machinery or hand-labor. The growth of the industry has been such, under all changes of duty, as to demonstrate its ability to stand alone without legislative aid. In 1824 Webster said, "I consider the cotton manufacture not only to have reached but to have passed the point of competition."

Cotton is the typical product of the United States. With the cotton fields at our doors, with the best machinery in

our mills, and with intelligent operatives within call, there has never been the remotest danger from disastrous foreign competition. As to wages, our operatives in cotton are paid, as has been shown, even less than the average of English workmen. These easy circumstances have taken away the spur to our enterprise. With a home market naturally ours, we have been content therewith, and have done little to enter foreign ones in a branch of manufacture in which we ought to surpass the world. It is true we do export some cotton goods, but not so much as we did twenty-five years ago, while we import more than we did then. Our greatest exportation in any one year was less than 150,000,000 yards, while year by year England exports thirty-three times as much. In 1880 we congratulated ourselves on an exportation of raw cotton to the amount of \$239,000,000; but during the same year Great Britain exported finished cotton goods to the value of \$377,000,000. The major part of this might have been ours, had we not closed foreign markets against ourselves. After seventy years of "fostering our native industries," we are converting only one fourth of our cotton yield into the products of our looms, while we export the other three fourths to the mills of Manchester and the continent.

How shall our country secure what is our natural and rightful heritage, — a participation in this great volume of business? Not by the device misnamed protection. We have been continuously trying it at a steady loss for a quarter of a century. The whole of our tariff legislation respecting cotton, in recent years, has proceeded upon the strange mistake that it would make us industrially independent of other nations, when in fact we have always been so. This was a disastrous blunder. It has hindered our industrial expansion more than figures or words can tell. It has beaten us back from markets which we might have

entered and made our own long ago. Cotton may yet be made one of the kings of the factory, as it has long been the king on the plantation.

SUGAR.

The tax on imported sugar is now (1888) three and a half cents a pound. In 1882 it was two and a half cents. In that year the people of the United States consumed 2,185,000,000 pounds of sugar of which ninety-five per cent was imported, and five per cent produced in the States. The whole amount consumed was raised in price artificially by the entire amount of the duty, else not a pound could have been imported. Thus our people paid \$54,625,000 under stress of law in addition to what they would have paid under absolute free trade. If this were levied for purposes of revenue, it would be a very successful tariff, since nineteen twentieths of it goes into the national treasury; but as a part of a protective system it is most wasteful and unwise, since it compels the people to pay a tax of \$20, not to secure revenue, but in order to get \$1 into the pockets of the Louisiana sugar-makers. We paid in one year a tax of fifty-four millions for the privilege of preventing Cuba and the other Antilles from selling to us at low figures the sugar we must have, and can not make. This is twice as much as we should have to pay Spain for the island of Cuba in fee-simple! Such legislation is nothing short of an outrage upon a patient people. Must sixty million Americans cut themselves off from the benefits of sub-tropical cheapness in an article of daily necessity in every house, in order that a gratuity may be passed over to a few men in one of our States, who have converted the finest cotton-lands on the planet into third-rate sugar plantations? It appears that they must.

If this were taken by the open demand of a direct tax, nothing could withstand the storm which would arise ; but when it is spirited away through the expensive and wasteful mechanism of a protective duty, we placidly congratulate ourselves that we are helping to develop the industries of the country. Like the foolish ostrich, which hides its head and thinks itself safe, we pay millions of disguised and useless taxes and think we are growing richer. If our sugar-makers must receive their gratuity, it would be nineteen times as cheap to pay them from the treasury direct.

We have a treaty of reciprocity with the Sandwich Islands, by which their sugar is admitted into the United States duty free. The most of this importation—about 70,000,000 pounds a year—goes to the Pacific States, and is there refined and consumed. As a result, sugar is cheaper in San Francisco than in Boston. If the question of revenue is to be ignored, or if it is a matter of secondary importance (as protection asserts), reciprocity in sugar is a public advantage. Is it not about time that we should adopt reciprocal free trade with Cuba in the interests of our eastern and central sections? If revenue is to take care of itself, let the statesmen at Washington pull down the barriers, and cease to nurse a sickly industry which a few men have been induced to pursue through the seduction of a government bounty.

LUMBER.

We have long had for protective purposes a tax on foreign lumber of \$2 per thousand feet. When it is remembered that we are a lumber-exporting country, such a tax becomes an absurdity on its face. But the exportation is confined to the Pacific, Gulf, and South Atlantic States. We import lumber from our Canadian frontier, and hence the duty is laid to encourage the lumbermen of Michigan,

Wisconsin, and Minnesota. The tariff, therefore, is purely local in its supposed benefits, and is confined to only a few individuals in that section, while it adds to the expense of all who own or live in a house made wholly or in part of wood. The bounty has averaged about \$50,000,000 a year.

But the chief iniquity of the tax is not the money involved. It was laid for no other purpose, as protectionists declare, than to encourage the production of lumber, the stripping of our pine lands and forest areas as quickly as possible. While, therefore, many of the States were maintaining forestry associations; while the school-children in many States were observing annually an "Arbor Day" for the planting and protection of trees; while the Government of the United States itself has on its statute books the Timber Culture Act, providing for the donation of a farm to every one who will plant and protect upon the public domain a grove of forest trees,—the Congress of the United States is doing all that legislation can do to promote the destruction of our timbered areas. To offer a bounty to persons planting trees upon the public lands, and at the same time to pay a premium to those who destroy our timber, is such a solemn legislative farce as to strike with awe both gods and men.

This is all in the face of the well-known facts that the destruction of forests reduces rainfall and causes droughts at one season and leads to devastating freshets at another, and that it destroys the equability of the temperature, inducing excessive heat in summer and killing cold in winter. Thus by the short-sighted policy of voting, under the name of protection, a bounty to our lumbermen which they have never needed, Congress for years past has been doing its utmost, in effect, to reduce us to the desolate condition of oriental lands, — Palmyra, Persepolis, Baalbec, — cities

whose territories were once fruitful with cereals, the vine, and olives ; or to the condition of the valley of the Euphrates, where once was the Garden of Eden, but which is now, through the denudation of its forest areas, a " parched and calcined desolation." Can Congress have forgotten, like the monks of Dunwald in the legends of the Rhine, that we can not raise a crop of oaks as quickly as a crop of corn? If Government must act the paternal part at all, how infinitely wiser would it be to pay a bounty on the importation of lumber, so as to preserve our heritage of forest for the use of those who shall come after us ! Let all nations have free access to our markets, in order that they may furnish us the lumber with which we are now supplying ourselves at an absolutely fatal cost.

COPPER.

Copper is a product of Mexico, Chili, and some other foreign countries. Of the 50,655,140 pounds produced in the United States in 1880, the State of Michigan yielded 45,830,262 pounds, of which one company, the Calumet and Hecla Copper Company, produced one half. Under the Morrill Tariff the tax was originally five per cent ad valorem, but it was afterward raised to five cents a pound, which was so far prohibitory that in 1877 the imports amounted to only \$30, from which the treasury received a revenue of \$11.50. Thus the copper producers have monopolized the home market. Under the revision of 1883 the duty is four cents a pound. This rate is maintained for the benefit of a few men on the south shore of Lake Superior.

Copper is a necessary constituent of brass, which is used in every home in the land. The duty bears heavily upon the manufacture of copper and brass goods, prevents their exportation, and raises their price to all our people. The

tax of three cents a pound on imported copper ore has closed all but two of the smelting furnaces of the Atlantic coast, its effect being to prostrate one industry while it stimulates and subsidizes another.

It was witnessed before the Tariff Commission ¹ that our copper producers, in order to protect the market and maintain the price at 19 cents a pound, sold 6,000,000 pounds of copper delivered free of freight at Havre, France, at 16 cents. It is inexcusable that men, under cover of a protective tariff, should ship their goods, freight free, four thousand miles, and sell them at prices fifteen per cent lower than they will sell to their own countrymen. This case has numerous parallels. For years the salt companies of Michigan and New York have been selling their product, freight paid, in Canada for a less price than the American citizen could buy it in Saginaw and Syracuse. Such are the thanks of a protected industry to the people who by their votes have protected it!

Such a fact shows that the tax has been wholly unnecessary by the confession of the copper producers themselves. The same thing is also shown by three facts: first, that the Michigan copper is in the form of ingots, which need no smelting, while the foreign copper is in the form of ores, both carbonates and sulphides, which makes an expensive process of reduction a necessity; second, that our mines are nearly all above water and of easy access, while the foreign ones are deep and expensive to open; third, that our mines, being on the border of a great lake, are accessible to water navigation to all parts of the world, while most of the foreign ones are far inland or in mountainous regions. In many branches of our manufactures, even if protection is necessary, the "geographical protection" is quite sufficient without the legislative.

¹ See Report, p. 1392.

Under the circumstances, it is not strange that prosperity has attended our copper industry. It is not a source of wonder that 80,000 shares of watered stock in one of our copper companies, which cost the owners but \$15, were soon selling at \$175, and producing quarterly dividends of \$5 a share, — a return of one hundred and thirty-three per cent annually.

NICKEL.

In 1869 Mr. Adams, of Pennsylvania, discovered a process by which nickel-plating could be done cheaply. Like the discovery of the Bessemer process in steel, this gave a great impetus to the demand for nickel and to the production of it. In order to protect this new industry the duty was almost immediately raised to thirty cents a pound, which rate was continued till 1883. For whose benefit? For the benefit of a single mine-owner at Lancaster, Pennsylvania. The duty was, and still is, so high as to be entirely prohibitive; and nine tenths of it having been added to the foreign price to make the American price, it has yielded enormous profits to the producer, there being but one large smelter in America. As in so many other of our protected industries, we have for years not only been subsidizing a single firm at the expense of all our people who use nickel-plate, but by that act we have so raised the price of nickel to our manufacturers of plated wares, that they can not compete for the foreign market. The largest consumer of nickel in this country — the Meriden Britannia Company — has been forced to establish a factory in Canada, in order to sell their goods in Europe. This is an example of the way in which the short-sighted policy of protection restricts a large manufacture by stimulating a small one.

GLASS.

Glass is one of our oldest manufactures, having been in a prosperous state before the Revolution. Under the Morrill Tariff the duty on window glass has averaged about seventy per cent. Importation has not ceased; and, therefore, every person who owns or rents a house in the United States has been paying the glass-makers all the subsidy the law demanded. This is the nearest thing to taxing sunlight itself.

For years the duty on plate glass has averaged one hundred and three per cent, and, as French and German plate has been all the time imported, there is no escape from the conclusion that a glass worth \$50 has been costing in our market a trifle over \$100.

It was witnessed before the Tariff Commission by N. T. De Pauw, manager of the glass-works of W. C. De Pauw of New Albany, Indiana,¹ that that firm manufactures two thirds of all the plate glass made in the United States, that they have a capital of \$1,300,000 invested, and that up to 1879 a loss of \$600,000 had been incurred. The inquiry arises in every thoughtful mind, Is there any solid business prudence in trying to legislate into prosperity an industry which, while receiving a bonus of one hundred per cent of its production, had nevertheless sunk in the unprofitable venture nearly one half of its capital? Has it really come to that pass in this country that any visionary business adventurer may embark in an enterprise forbidden by climate, or by location, or by other natural condition, or by the tastes and habits of the people, and yet feel warranted in the expectation that the Government will come to his aid by taxing sixty millions of people to help him out of the mire? It has. Let us all thank our stars of good

¹ See Report, p. 937.

fortune that Nature placed no tin mines in the United States ; for if there be found but *one*, the whole nation will be taxed in order to enrich the owner. This is not an exaggeration. Borax and boracic acid were on the free list as not being American products till it was discovered that Nature had provided one rich deposit in Nevada. At once the enterprising owner rushed to Washington demanding *and obtaining* protection against "pauper borax !" Again, the only chrome mines yet found in the country belong to one family, who have forestalled the consumers of chrome by getting it taken from the free list and placed on the protected. Thus the more Nature blesses a country the more it is blasted by legislation. Better for our people if these deposits had lain a secret in the earth till "the last syllable of recorded time !" According to the theory of protection this paradox becomes a fact, that the more a country is blessed by Nature, the more it must be loaded down by protective taxes ; and the poorer its natural resources, the less does it need protection. Let us rejoice that in the diversity of her gifts, Nature so far overlooked America that there are at least a few industries which are not only difficult but physically impossible !





CHAPTER XVIII.

SOME FALLACIES OF THE PROTECTIONIST SCHOOL.

TRUTH is consistent with itself. In all its wide range there is no absurdity or contradiction. In the economic world, as in the mathematical, scientific, or moral, the test of every statement is harmony with the known body of truth. If it agree thereto, it is accredited as fact. If it contradict, it is branded as error. Let us try some of the claims of protectionists by this standard.

I. Protectionists assure us that *it is humiliating and unpatriotic to leave the United States commercially dependent on Europe, and to send to foreign lands for what we need.*

Does this mean that we should reject a profitable trade and embrace a losing one, in order to gratify our ambition? If so, it is not pertinent to this inquiry. If not, it is the exact idea of the Chinese and the Japanese, who have thought so for a thousand years. To-day they should be the wealthiest nations on the planet. Protection loses sight of the fact, which is so evident as to be humdrum and platitude, that the true interests of every nation, as of every man, is to both buy and sell where it can deal to the best advantage, be it at home or abroad. All men do this when not under the dictation of Government. Can it be

true of men as individuals, and yet false of them in the million?

But there is really no such a thing as complete industrial independence. Is it any the less to the interests of Liverpool to take our wheat, than it is ours to take the cutlery of Sheffield or the cloth of Leeds? There is not now, and there never has been, a great nation which could produce all that civilized life required. The Eskimo and the Patagonian are the only men on the western hemisphere who can proclaim their independence of their neighbors. The more highly enlightened men become, the more diversified are their wants and the greater their commercial dependence. Here is a truth as compact as epigram: "Real independence rests upon the inter-dependence of nations." If we must, by the very limitations of physical endowment, rely upon Brazil for coffee, China for tea, and England for tin, is there any law of business prudence really practised among freely acting men anywhere in the world, which would decree that we should even make the attempt to foster by legislation a difficult and nearly impossible industry, as the raising of bananas in Dakota, or the breeding of fur-bearing animals in Texas? But does it not inevitably follow that if the attempt to establish an impossible industry by law must result in total loss, the attempt to establish a difficult and unnatural one must result in waste and public disadvantage?

II. Closely related to this is the argument expressed thus : *It is a wise policy to encourage all industries by legislation, to the end that we may develop our resources and have diversity of occupation.* This is fallacious in three respects : —

First. It may be patriotic, but it is not economical, to pay a large price for a home article, when we can get a foreign one at a small price. Every man practises this,

whether it be in harmony with his theories or in contradiction of them. Why should not the nation do the same? John Roach, the ship-builder, exclaimed before the Tariff Commission, "Shall we buy iron from the mines four thousand miles away, and leave the ore undeveloped in our own inexhaustible mountains!" Undoubtedly, if it can be done with less labor, skill, capital, time,—in a word, if it be cheaper. Do it on the same correct principle which leads a city deeply underlaid with the best of coal to neglect the opening of mines, but to send for its fuel fifty miles away where the deposit crops out to the surface, transportation being less expensive than difficult mining.

Second. It is fallacious in assuming that our resources are practically without limit. "Inexhaustible mountains" is a happy phrase to express the protectionist idea. But it is misleading. We have but one borax mine. To develop it in the protective sense means its probable exhaustion within a decade. We have had the richest gold fields in either hemisphere. But we have so developed this mining industry that surface washings were exhausted twenty years ago, the richest veins soon followed, and now only deep and hydraulic mining is left. Shall we act the part of the improvident man who killed his goose that laid the golden eggs? Will the men who shall follow us in the distant future—the lineal and rightful heirs of this age—thank us for the unnatural and forced development of the bounties Nature has conferred upon us in trust for them as much as in fee simple for ourselves?

Third. It is sophistical in assuming that unless legislation should interfere, industries will not spring up. The truth is rather that instead of taxes being necessary to develop manufactures, neither taxation nor prohibition can prevent them from leaping into activity. Diversity of occupation is in human nature itself, and needs no legislative

spur. Our own history teaches it. We had dozens of well-established industries in this country, using the best machinery known to the times, many years before the Revolution, not only without legislative aid, but in spite of all that Parliament could do to prevent them. If an industry does not exist, the fact shows that it can not exist at that time and place except at a loss. To commission legislation to create it, would be as disastrous as to issue a license to a tyro in surgery to run amuck in the streets with edged tools. To let an industry lie undeveloped until such time as it will grow into a healthy existence, is far wiser than to galvanize it into a sickly activity by legislation.

III. One of the most common arguments of protectionists may be formulated thus: *It is a wise policy so to regulate and equalize the facilities of production between our country and foreign ones, that they may have no advantage over us in our markets. A protective duty equal to the difference between the foreign and the domestic price does nothing more than secure free competition.*

Such a statement is as full of fallacy as an egg is of albumen.

First. It is based on the assumption that the chief object is to win a race, and not to confer a benefit. It is illogical to base an argument upon a metaphor. If two men are to run a foot-race on a wager, it is quite proper that they should run on the same race-course, during the same hour, and be similarly clothed with regard to impediments, so as to place them on an exact equality, except as to muscular power and skill in racing. But if utility be the object to be attained, — if a man is bleeding to death, — would we not despatch for the surgeon the swiftest runner, by the most direct route and with sole reference to speed?

So in this question, the end to be reached is to secure the well-being of the nation, not to plan a perfectly balanced and ideal commercial race.

Second. But this claim is based on the further assumption that we ought, economically, to produce for ourselves, instead of buying abroad, everything we need, or at least everything whose production is possible. Protection thus becomes a drag-net, whose purpose is to bring everything to the surface. It is logic running wild. We produce coffee not at all; tea, with incredible difficulty; silk, at great disadvantage; sugar, but not so well as Cuba; lace, but not so cheaply as France; iron, but not so advantageously as England; wheat, excellently; and cotton, petroleum, and Indian corn, the best on the globe. Where shall we draw the protective line? Protectionists say, on the ragged edge which divides the barely possible from the utterly impossible. Their theory declares that duties should be increased as the difficulty in production increases, and that this rising climax of taxes should be continued until the difficult loses itself in the impossible.

Third. Protection is a man-made device for removing or counteracting the special facilities which other nations may have. But if it is successful, it removes the very foundations of trade itself. Streams flow because the beds are inclined: make them level and you have a stagnant pond. Trade exists because men and nations in their individual capacity have certain advantages over others. Take away this special advantage, and the wheels of commerce will no longer turn. Commercial stagnation and distress must ensue. That trade continues with foreign nations in spite of all that legislation can do to prevent it, only shows that the elastic forces of Nature can not be whipped into harness by the clumsy devices of man.

Fourth. Even if equality in the facilities of production

were a desirable thing, legislation is utterly powerless to effect it. Nature has largely fixed the endowments and capacities of nations. What is the effect of the law-made attempts to contravene Nature in this matter of special endowment? Let us illustrate: Law may make a banana imported from Vera Cruz sell for as much as one produced in the hot-house in Detroit; but it can never take away the natural advantages of Mexico, nor confer them upon Michigan. It can only equalize the price. How does it do this? At Vera Cruz each banana can be produced, say, at a cost of one cent; but at Detroit at a cost of fifty cents. The Government "equalizes our facilities" in the production of bananas by laying a tax of forty-nine cents on the Mexican fruit. What is the result? (a) The price of fruit, both foreign and domestic, is raised for all consumers to fifty cents, the natural price in Michigan. (b) It is quite as easy for Vera Cruz to compete with Detroit as it was before, since its price is "equalized" with Michigan. Hence the seller of Vera Cruz can sell in Detroit at least to as much profit as at home. Under these circumstances there is nothing to protect our domestic market; but the "floods" of foreign fruit pour in. High duty is no barrier so long as prices remain equalized. (c) So long as the price is kept at full tide — fifty cents — the national treasury receives forty-nine cents on every tropical banana consumed here, and hence the channels of revenue are full. (d) The Michigan banana-grower receives no more profit than the Southern producer, since the difference in his receipts no more than balances his excessive cost of production, and thus makes good his losses. (e) But the moment the price falls a fraction below fifty cents, if it ever does, all importation, and hence all revenue, is cut off and Detroit has a monopoly of the market. But this is not attended with any profit to that city, but rather with loss, being below the cost of

production. If this is not the case, then the tax was a pure subsidy — a gratuity voted the owner of the Detroit hot-house without a shadow of warrant, according to his own theory.

Thus in neither case does protection confer a benefit upon the domestic producer, while in both cases it entails a positive loss upon the domestic consumer. How immeasurably wiser would it be, both economically and patriotically, to throw open the doors and invite in the Mexican producer to gladly supply our people with his tropical product at two cents apiece ! How infinitely better would it be for legislation to say to Michigan : Confine yourself to the production of copper, lumber, salt, apples, and other articles in your line, in which you may reasonably expect to surpass the world ! It is a losing business to attempt to convert yourself into a microcosm !

Of course, the above is an exaggerated illustration. But is it not a true one ? If the absurdities of the protective system appear most striking in the light of such an extravagant but entirely relevant illustration, it ought to be kept in mind that the same facts and influences exist in smaller degree in every one of those industries which have received government favor. If not, then the favor was obtained through sheer importunity, or log-rolling, and not through argumentative pretexts.

Fifth. The exact opposite of this claim is true. Instead of trying to load other nations down so as to create an artificial equality of facilities, we should rejoice that they have special endowments, to the end that we may profit by their heritage. This is as much our economic, as it is our moral duty. Instead of being a paradox, a little reflection ought to make it apparent, that we are the most highly profited by unrestricted exchange for just those articles in which we are the least endowed by Nature. The price of an article is not graduated to our necessities, but to the

cost of production. If the fertility of every farm in the United States were doubled, the advantage would go chiefly to the eater of bread and not to the producer of wheat. The more other countries are blessed by an easy production, the more are we enriched by interchange with them. The most fortunate sections and countries are forced by competition to ask for their products no more than a fair compensation for their outlay of capital and labor. The Indies charge us for their spices, not the full amount which production would cost us, or which we would be willing to pay, but only the moderate price which other parts of the tropical zone compel them to accept. Universal man is the gainer by a cheap production, by special endowment, or by superior facilities, anywhere on the globe. Since we "struck it rich" in western Pennsylvania, and Europe did not strike it at all, would it be either patriotic or economical for her to refuse to exchange her cheap products for our cheap petroleum? Is it not plain as noonday that both sides of the Atlantic would realize the maximum of profit by such exchange?

Sixth. The claim is false, since, if an equality of facilities is desirable at all, it can only be attained, so far as it is attainable, through perfect freedom of trade. To illustrate: If labor both at Detroit and Vera Cruz costs one dollar a day, one day's labor will purchase one hundred bananas in the latter place, but only two in the former. Now, since the Detroit laborer can in $\frac{1}{50}$ of a day earn the money to buy a banana at the Vera Cruz market, it follows that, omitting the cost of transportation, he would enjoy under free trade precisely the same advantages as to bananas as the Mexican laborer. Under protection the inequality is the greatest possible. If Government does not step in to dam up the flow of spontaneous trade by its cumbrous interference, the Detroiter finds the condition of sale equalized

so far as it can be equalized, and exactly so, except as to the cost of transportation. To equalize the facilities of production is manifestly beyond the control of men or nations. Freedom is the true equalizer. It alone will enable protectionists to realize their theory of equality. The same principle applies to every exchange, interstate, international, intercontinental.

IV. The protectionist says: *It is necessary in true economy to establish the factory near the farm, so as to ensure the home consumption of our raw material and our breadstuffs, and to save the waste involved in transportation. There is no business prudence in shipping cotton to Manchester in the bale and back again in the bolt.*

Let us see. *First*, as to breadstuffs. It is true that a village filled with factories will consume more of the products of the farm than one without these industries. It is true that the grain produced by the farmers of the vicinity does not go to Liverpool; but other grain goes in place of it. Furthermore, this home sale yields the farmer no more cash than the foreign market, since he gets only the British price, less the cost of transportation. So long as exportation of grain continues, the foreign gauge graduates the prices on every bushel of wheat in the Republic.

Second. There is a logical lapse in the talk about the needless cost of transportation. The implication is that it is nothing better than a total loss. This is a mistake. The cotton manufacturer of Manchester buys a bale of cotton in Savannah, carries it to his factory, converts it into fabric, and ships it to New York, for no other reason than that he can sell there at prices to compensate him for the outlay, and leave a better margin of profit besides than he can get elsewhere. Transportation was to him not a loss but a source of profit. It was not a loss to our people, since

they choose the transported goods in preference to the domestic ones. It is always profitable, else the shipment could not have been made. Instead of loss there is gain to our farmers in sending their wheat to Liverpool, else they would not send it. Cotton is shipped from Calcutta to England, and then sent back to clothe the poor Hindoos. Would it benefit the natives to erect a factory on the Ganges, so long as they can get more for their cotton and pay less for their muslin by dealing with the Englishmen? Has not transportation benefited them by the amount of this difference? If transportation were wasteful, if it were not positively profitable, the fact could not for a single hour remain concealed from the people, who are as quick to respond to a loss or to a gain as the mercury in the tube is to a blast from Manitoba.

Third. Protection contemplates the giving of legal aid, right and left, to every industry. But the argument of the home market theory and the vicinage principle looks toward the serious injury of one very important branch of activity, that of the common carrier. Railroads, canals, steamers, ships, wagons, are potent factors in our civilization, and millions of people have their livelihood therefrom. If we carry out the argument of protectionists against transportation we shall reduce the business of the carrier to a minimum. The home market argument must mean ruin to the transporter, who is as truly a factor in our civilization as the producer himself.

V. We are met by another assertion from protectionists about as follows: *If you remove protection, you open the flood-gates, and foreigners will pour their goods in by the hundreds of millions, our manufacturers will be obliged to close their mills, and we shall prostrate American enterprise.* The harmfulness of these "floods of cheap goods" has

been elsewhere discussed. But some further thoughts arise.

This is a menace. The crack of the whip can be plainly heard. Is it truth, or is it sound, signifying nothing? *First.* It may be stated with all seriousness that absolute free trade would not have the effect largely to increase our foreign importation. It has been already shown that if the domestic price is equal to the foreign plus the duty, as is and has long been the case in nearly all of our leading industries that receive protection, the duty does not even tend to diminish importation. It puts a positive premium upon it, and increases its volume. There is no such thing as a prohibitive point, until the home price sinks below the sum of the foreign price, the duty, and cost of carriage. Then indeed all importation must cease. Since, under our present scale of prices, the duty constitutes no barrier to the importation of many leading products, it follows that under no circumstances could we be more "flooded," or manufacturers be subjected to more foreign competition, than at the present.

Second. The frequent recurrence of strikes, cutting of wages, lock-outs, running on short time, and business depression, especially among highly protected industries, leads us to infer that such calamities could scarcely be worse or more frequent, even if the claim of protectionists were true. To use a homely figure, "The fire could scarcely be worse than the frying-pan." Such facts are doing more to show the masses of our people the hollowness and wastefulness of protection, than all the speeches, pamphlets, and books that have ever been written.

Third. If protection were abandoned, it is doubtless true that our manufacturers would be compelled to accept a lower price. To compensate for this they would be relieved of the burden of antecedent duties on raw material,

which back-taxes and waterlogs every finished product. Also they would have a world, and not merely a nation or a section, for a market. Many manufacturers do not hesitate to say these advantages outweigh their government bounty. Lower prices do not imply lower profits, as every business man knows. Manufactures have flourished under all kinds of tariff we have ever had, as they did when we had no tariff at all, and there is really no good reason or basis of fact in the prediction of the alarmist that the abandonment of protection would result in the downfall of our industries. They would keep right along as before. Our makers of quinine said they would be compelled to go out of business, if the tax were removed from their drug. They were either ignorantly mistaken or else were trying to intimidate the country. Some sickly and hot-bed growths might perish. Not only would it be a "survival of the fittest," but a survival of all that are fit to live. Only those would perish which ought never on economic grounds to have had an existence at all. Notwithstanding the exact climatic adaptation of Dakota and Minnesota to the wheat plant, that cereal is grown as a profitable field crop in every State and Territory in the Union. No more can foreign lands overthrow our industries, even though they should possess superior facilities.

Fourth. But even if foreigners could crush our native industries, it is evidently impossible that they could do so without establishing prices so low as to ruin themselves also. This would be a golden opportunity for the American consumers. But it is said that the English, having compassed our ruin, would recover their losses and make fabulous gains in addition, by putting up their prices at their pleasure. But would not the German and the French enter the field at this point and spoil the British game on the commercial chess-board? Would not our domestic industries spring

into sudden life again, under the stimulus of high prices? No one who looks below the mere surface can believe for a moment that even absolute free trade would ruin our manufactures. Already have we had a surfeit of mere assertion in place of reason, and the subterfuges of the alarmist in lieu of argument.

VI. One of the commonest and emptiest arguments of protectionists may be summed up, as follows: "*If we buy domestic goods only, our money will be kept at home.*" The old mercantile and bullion theories have some vitality even in our own day. Error is protean in its forms.

This has been referred to elsewhere, but let us look further. Men trade for profit, and if left free to act they will always trade where the profit is greatest. Hence if a man is compelled by law to buy a domestic article when he would prefer a foreign one, he is poorer than he would have been without the law. His money truly does remain at home; but more of it goes into the pockets of other people and less of it remains in his own, than would be the case if he were at liberty to exercise his choice. What man would pay \$50 instead of \$30 for a suit of clothes, and solace himself with the reflection that the \$20 "remained at home"?

If there is any validity at all in this argument, it must mean that a man should make an unprofitable purchase in order that his money may lodge in the pockets of his neighbor. Every man would receive such a proposition as a joke; or, if that be impossible, he would resent it as an insult to his intelligence. The same reasoning would forbid trade across state, county, township, or municipal lines. It proves too much. Millions have been made by watering stocks, wrecking railroads, and manipulating Wall Street. Is it any great consolation to the shareholder of a hammered stock to be told that his money remains at home,

— in the bank balance of the millionaire? Is it not provocation enough to know that his values were taken away designedly and wrongfully under the forms of law?

VII. A form of argument once very popular and still often heard, is about as follows: *The industries of this country are still in their infancy, and it is a wise policy to extend to them legislative aid till they can become firmly established; they can then take care of themselves.* This is plausible and sounds like a good argument; but will it bear scrutiny?

First. Many of these infants are well advanced in years. The manufacture of linen, woollen, and cotton cloth began at Rowley, Massachusetts, in 1638. Glass-making and salt-works date from 1640. Tannery, shoemaking, and iron-working began in 1642. Several of our industries never received any legislative aid till they were more than a century old. We can no longer speak of "infant industries," unless we are willing to claim a second childhood.

Second. They are also very mature and well developed infants. The woollen infant produced in 1880 no less than \$265,684,796 in manufactured products. In the same year our iron and steel mills turned out goods to the value of \$296,557,685. The cotton industry uses 1,300,000 bales of the fibre every year. The chemical industry shows a production of \$100,000,000 annually. Goliath of Gath was "an infant of days" in comparison with the giant industries of the United States.

Third. History is instructive on this point. At the time of the adoption of the Hamilton Tariff, about a century ago, the iron interest said it needed only a "little encouragement and for a short time." It was granted. From that day forward a duty has been demanded and received till the present time, when it ranges from twenty to one

hundred per cent. Originally, cotton needed only five per cent protection ; now it is "fostered" by a duty of from thirty to sixty per cent. Woollen manufacturers said in 1810 that they needed a protection of from five to twenty-two per cent "for only a year or two longer." More than seventy years have passed, and they are still demanding and receiving from forty to one hundred and twenty per cent. The first tariff averaged eight per cent, under the plea couched in such phrases as "a little fostering," "temporary encouragement," "a short time longer," "a few years," "till they can get on their feet." After a century of "fostering," the average duty to-day is forty-two per cent. Is it not time we were raising these inquiries: Do these weaklings intend *ever* to drop the foster hand, and stand on their feet? Will these dependent infants *ever* develop into self-reliant adults? More fortunate than Ponce de Leon, they seem to have discovered the "Fountain of Perpetual Youth."

VIII. A plea somewhat similar to the preceding is as follows: *Protection will lead up to and prepare the way for freedom in trade.*

It is to be noted that this plea, which is still often made, is based on the confession that freedom in trade is best as a permanent policy, and that protection is to be tolerated only as a temporary expedient. This indeed was the expressed view of the fathers of our protective system. Webster said sixty years ago that the time had then come "when all that intelligence and industry could ask for was fair play and an open field." When the Morrill Tariff was adopted in 1861, Horace Greeley said in the New York Tribune, that ten years of protection would enable us satisfactorily to compete on even terms with Europe. Instead of ten years we have had twenty-seven,

and we are still maintaining a higher tariff than was then enacted.

During all our history till 1865, protection said it would look toward its own extinction; but it never did. It has never been ready to give place to a fiscal system which it has all the time acknowledged to be better as a final policy. To-day it looks steadily to its own perpetuity.

Its inevitable tendency is to nourish dependence, not independence. Of necessity it promotes imbecility, and not a healthy vigor. Besides, as a system, it was adopted by the "log-rolling" of the several interests, and by the same means has it been kept in existence till to-day. It has been found that protection for some industries can not be equitably united with freedom for others. If one industry should be set out to care for itself, the machinery and raw material used by it would be so much increased in cost by the protection accorded others, that it would have no fair chance of competition even in our own markets. Hence, it is nearly impossible to take government favor from one industry, unless the whole system were abandoned.

But while admitting the final wisdom of doing this, the cry arises from both the younger and the older interests that they are not yet ready. After a delay of ten years it is found that a troop of new infants have come into being, who clamor for still longer delay. Thus we go on without limit. So long as protection cultivates weakness instead of strength, dependence instead of self-reliance, we shall look in vain to see it "lead up" to anything. It always leads down to public loss in order to secure individual gain. Instead of voting its own extinction, it has always intrigued to secure its own perpetuity.

IX. We are frequently confronted by such a plea as this :
Free trade is a very elegant dogma and very beautiful as a

mere theory; but practical men want protection. Free trade is such a heavenly conception that it can never go into operation till the arrival of the Millennium.

Such sneering confessions are found at intervals in the writings of nearly all protectionists, and are pretty sure to close up a conversational debate on the question.

Note that it *is* a confession. The beauties of freedom in trade are so apparent that they compel an unwilling admiration even from its enemies. Note, also, that it is most convenient as a "last ditch," in which to take refuge when routed from the more exposed positions. It serves also as a flag of truce under which to beat a retreat.

There are few fair-minded protectionists who, when engaged in candid discussion, will not admit the abstract justice and correctness of free trade. That they do not give it their individual adherence may be owing to their personal interest in the continuation of protection, or to a fear of the party whip, or to the clinging bias of old opinions and early education, or to a belief that the country is not yet ready for the adoption of unrestricted trade.

Free trade, or what is the same thing so far as the present discussion extends, revenue tariff, has made no record since 1860. In that sense, it is a theory as to the United States. But if the charge is that the teachings of free trade are a bundle of precepts, axioms, propositions, and conclusions, which are purely metaphysical and have no objective reality outside the conceptions of "philosophers and college theorists," the claim is wholly untrue. There is no field of inquiry more fertile to the advocates of free trade than the domain of history and experience, both past and present. They are ever ready to challenge a comparison of protective and free-trade eras in the history of our own or any other country, and to submit their principles to the test of stubborn facts. No statement is a more compact slander than

the sneer that the advocates of freedom in trade are literary, collegiate, and impracticable men, who deal in rhetoric, but ignore facts and figures, — a set of college-bred cranks and theorists. It is nevertheless true that protection is at variance with the teaching of nearly all writers on political economy and of our institutions of learning.

Economic science does not deal in abstractions and logical subtleties. That which is not true in practice is not true at all. The very word "theory" means a systematic and general statement of things which are true in detail. If protection is conceded to be false in theory, it is impossible that it should be desirable in practice. If it is correct in abstract principle, it must be best in practice also. There is nothing more worthy of respect than a good theory in harmony with the facts and the drift of the universe, — such, for example, as Newton's Theory of Gravitation. "Wonderfully primitive and simple is the postulate which makes free trade a theory at all, namely, that any two parties wishing to exchange goods for their mutual benefit should be allowed to do so, provided no other man's rights are infringed thereby." It is a matter for surprise that in the question now under discussion there are men who will concede that a thing is true in principle but false in practice. This is a mental summersault. That we have those who perform such feats in logical acrobatics, is evidence that they are not willing to know and follow the truth wherever it may lead.

This claim of our opponents puts free-traders in a very embarrassing position. If we assail their doctrines, they abandon them. If we prove our "theory," they admit the truth of it. They are plastic under the white heat of truth. They so far grant the correctness of what we urge, that we almost feel that we are beating the air. They ask only one favor, — that our "theory," which they acknowledge to be

true, shall be confined to books and the college class-room, and that their views, which they acknowledge to be false, shall be enthroned in practice. If we will allow them to regulate the tariffs, attend to the matter of taxation, and reign in the domain of legislation, they are willing that we shall write economic theses, sit in the chair of the professor, and be supreme in the fields of literature.

But in this plea protectionists sometimes mean that while free trade may be the best in principle, it can not be adopted here while other nations practise protection. If Germany and France have plundered us by their protective tariffs, ought we to authorize a favored class of our own citizens to plunder us still more? If strangers smite us on one cheek, must we forthwith smite ourselves on the other? The argument really amounts to this: Certain foreigners by taxing our exports have reduced our profit on what we sell them; therefore, it is necessary for us to tax their exports in order to reduce our profit on what we buy from them. Germany will not take our pork; therefore, we must call upon our people to make a further sacrifice in refusing German cloth, though it be the best and cheapest in the market. If foreigners commit a folly and cut off half the profits of our international trade, we must at once commit the same folly and cut off the other half. Is not this what a gallery-god would dub "a howling absurdity"?

X. Says the protectionist: *It is a fact of history that all nations — England, France, Germany — began with protection. So should we.*

This is merely an annex to the argument on "infant industries." It is a reckless deduction from certain facts of history, without an inquiry as to whether the conclusion really follows. If the assertion proves anything, it proves too much. All Middle Age Europe began with the Feudal

System. Shall we? All Europe based its civilization upon the subjection and inferiority of the masses and the supremacy of a few. Shall we? All modern Europe, except England, began with provincial and municipal tolls. Shall we begin so also?

But some of these nations have abandoned protection after centuries of trial, notably the one nearest to us in commerce, in speech, in laws, in blood. It would be speedily abandoned in all the rest, were it not that vested interests and aggregated capital, aided sometimes by the connivance of imperialism and the ignorance of the populace, have been sufficient to secure its continuation. Shall we adhere to a mediæval custom which robbers invented, which the necessities of commerce have long ago outgrown, and which even many of its friends confess is a tax on the masses for the benefit of a few? Shall we learn nothing from the experience of others, and from our own? Shall we insist upon bringing upon our country, as Gladstone said England brought upon itself, "losses and penalties for its long adherence to folly"?

XI. Another fallacy may be stated thus: *In our history we have had more years of tariff for protection than for revenue. For almost a generation has protection been maintained by respectable majorities in Congress. This shows that public sentiment is favorable to the system, and that revenue tariff is unpopular.*

Assume for the moment that protection is the more popular. Does it follow that it is best for the nation? Truth is not settled by ballot majorities. The university faculty of Salamanca voted that the earth is flat, and that Columbus was a fool. Christianity was unpopular at Rome during the ten persecutions. African slavery was popular in our country for two hundred and forty-three years.

To-day polytheism is the most popular religion in the world. But shall we sell our churches and build Chinese joss-houses? A strong majority may give legality to an error; but ballots can not attest the correctness of a principle in ethics or a policy in government. The argument is worthless, if truth and public benefit and not mere victory is the end to be attained.

But there is no warrant for the assertion that protection is the more popular. The people have never voted on the question pure and simple. For the first time in a generation, it is now becoming an issue in our national politics. When it has been discussed at all, it has been involved in other issues which have distracted the public attention. All we can say is, that for over twenty years public opinion has passively tolerated protection, most of the time without thinking whether it was a blessing or a blight.

On the other hand, we are warranted in the assertion that it has been upheld negatively by this public indifference, and actively by log-rolling combinations of interested men. All Congressmen know, and many of them have confessed, that protection could not live a month without a time-serving dicker between protected interests. The "bargain and sale" runs all along the line. Though manufacturers are burning with desire to overthrow the protective tax on raw material, they plainly state in their journals, in the congressional lobby, and before the Committee of Ways and Means, that they do not urge it, since to do so would be to hazard the entire system. In this apprehension they are undoubtedly correct. Protection is so opposed to the general welfare, that the protected industries themselves turn against it when their spoils are taken away. This pooling of interests is the sole cause of the continuation of the system from year to year. The votes do not represent a public demand.

XII. One of the curious sophisms of protection is as follows: *Low tariff may be best for the nation; but our industries have now adjusted themselves to protective conditions, and a change would prove disastrous to them. Vested interests have grown up under our laws, and, therefore, we have no right to injure them. Do not frighten capital and disorganize manufacture by agitating the tariff question.*

The assumption here is that whenever and by whatever means a tariff-tax has been placed on the statute-books, a sacredness attaches to it, and that its present existence gives it a title to perpetuity. It further assumes that the evils of getting rid of a bad law are greater than the ills which flow from the law itself. Such a view, if carried into practice, would stop the wheels of progress at once. It advances error to the front and passes truth to the rear. To suppress agitation is to create the stillness of death.

It is a principle of jurisprudence, attested by Blackstone and all the commentators, that a bad law is in its very nature void. The problem is to make its badness apparent. When this is clearly done, its validity is gone, and its formal repeal is only a matter of votes.

Free-traders have not usually caused the agitation. Three fourths of all the changes in our tariff laws have been inspired by protectionists themselves. Will their sudden repeal create any greater mischief than did their sudden adoption? In nearly every case they have been enacted without notice, and so suddenly as to leave industry no time to adapt itself to the new conditions.

Concede for the moment that the abolition of protection would bring temporary misfortune to some. Who is responsible? It must be the system which has for its object to induce men and capital to enter upon employments naturally unprofitable, legally created, and therefore, sub-

jected to the mutations of law. To fasten upon the country a system acknowledged to be injurious, and then to use the mere fact of its existence as a pretext for making it as unrepealable as the laws of the Medes and Persians, is, to speak with mildness, the apex of audacity.

XIII. Well-meaning but superficial persons sometimes assert that *protection compels foreigners to accept lower prices for their goods, and thus to pay a part of our tax-burden.*

It may be replied that if there were any way by which one nation could compel another to bear even a part of its burdens, it would have been found out and universally applied centuries ago. No American law can compel a foreigner to take a reduced price for his wares. The very fact that he sends them here shows that he receives a greater price than he could get at home. It is a fact in the very A B C of taxation that the person who consumes goods pays all the taxes which have been placed upon them. All preceding buyers are reimbursed by the final sale. No axiom of geometry is more certain than that we carry our own burdens, and that foreigners do not lift them by the weight of a feather.

XIV. An impression exists widely among protectionists, and is diligently cultivated by their journals, that *it is the ardent wish of England that we should repeal our protective taxes in order that she might invade our markets.*

There can be no greater mistake. It assumes, first, that because it was true fifty years ago it is true still; and, second, that England does not now "invade" our markets, which is untrue.

But concede that protection does, to some extent, restrain imports. England knows that we already manufac-

ture a surplus of nearly everything which she manufactures ; and that it is vastly more to her interest that she be excluded from our markets, which are already full, than that we should compete with her in all the rest of the world. English statesmen have repeatedly asserted this. England knows, and we all confess, that we can never conquer foreign markets so long as we continue to hug protection.

Read what Sir Lyon Playfair, Deputy Speaker of the House of Commons, and one of the greatest living authorities on economic questions, wrote in *Macmillan's Magazine* of February, 1882, after his visit to this country : "The protective duties of America remove from us the most formidable competitor in the markets of the world, by raising its cost of production. They protect England in all neutral markets, and enable us to send even into the United States £25,000,000 of manufactured goods, while they return to us less than £3,000,000. It is impossible not to foresee that the United States will, in the end, be the great manufacturing country of the world ; but they can not assume this position under their present fiscal policy ; and the final consummation will, in any case, be immensely retarded by the endless evils which spread like weeds over a country where a protective policy has long prevailed."

England could not hope to displace any large part of our products, even if she should enter our markets on perfect equality ; but her sagacious statesmen and manufacturers know that if we should cast aside the system which keeps our products at home, we would soon realize our advantage, and become her rival in the trade of the world. Gladstone has plainly told his people that they must be prepared to see, at no distant day, the commercial supremacy of the United States. All Englishmen realize more fully than we, how greatly the abandonment of protection

will hasten that day. If we would please the English we will continue protection. "A *little* folly now and then is relished by the best of men ;" but in the light of these facts, the assertion often made that "free-traders are emissaries of the Cobden Club and are bribed by British gold," is *too* funny. It eclipses Mark Twain and all the humorists. And yet there are men so credulous as to accept this fustian of the ultra-protectionists.

XV. One more fallacy must be mentioned : *If we adopt free trade, we shall accept the policy of England, our ancient enemy in war and our present rival in commerce. We will not copy anything from the English.*

Shallow as this Anglophobia is, it continues to be urged by persons of fair intelligence, and even by steady-going citizens who profess the "cosmopolitan religion of goodwill and peace."

It is difficult to decide whether it sounds most like an argument or a joke. If we are to reject everything English, let us begin with the English language and the English Bible. Then follow up by tossing out trial by jury, both houses of Congress, and our entire judicial system. Adopt the Code Napoleon. Then part with our navigation laws, which not only caught the spirit but even the very phraseology of the English Act which galled us so deeply down to the war of 1812. Nay, we must part with the protective system itself. It is borrowed from England, — not merely in its spirit, but bodily and verbally. The entire system is foreign and antiquated, and is neither original nor American. History declares that it was adopted by our revolutionary fathers as a club with which to compel England to give us free trade. "When Henry Clay called it the American System, Daniel Webster ridiculed the designation in the Senate, and pronounced it altogether

un-American." England was one of the inventors of the system, but she was also one of the first to cast it aside, and return to the policy which she now wishes she had never left.

On the other hand, free trade is not English. She can claim no priority of invention. It is as old as Greece and Rome. America had adopted it, and was "spreading herself like a green bay-tree" under its influence, more than two hundred years before its adoption in England. It is both the normal and the historic condition of American trade. We shall return to it at no distant day.





CHAPTER XIX.

SOME FURTHER CONSIDERATIONS.

I.



TRADE is not a crime. Exchange violates no ethical principle. Smuggling is an offence which has no moral basis, but is solely a legal creation. The tariff created this crime. Under absolute free trade it could have no existence, and under a low revenue tariff it would be reduced to a minimum. Custom-house officers know how common smuggling is, not usually by the unloading of a cargo under shelter of a dark night, with shaded lanterns, on some lonely cove, but the stealthy slipping in of taxable diamonds, laces, silks, pictures, jewelry, clothing, and the thousand and one articles which "the intelligent tourist" likes to bring with him from foreign lands. In fact, a protective tax is so far contrary to the instincts and the conscience of our people that its requirements are often systematically evaded, should an opportunity offer. It thus tempts to violation of law.

II. Let us look at the nature of that annex to the protective system, known as "drawbacks." What is a drawback? It is a cash payment directly from the treasury to an exporter in order to refund to him the outlay he was

subjected to by reason of the import tax on the raw material he has used in the making of the goods he now exports.

What does this signify? 1. It means that we propose not only to protect the home market of certain producers, but to ask the people to recoup them for losses when they sell in a foreign one. 2. It is an attempt by a crude device to escape from the effect of protection and yet retain the system, — to make exportation possible by the use of the people's money. 3. A dollar collected as revenue protects one man when it is paid into the treasury, and another man when it is taken out and handed to the exporter. 4. It makes our manufactures cheap to foreigners, but keeps them dear to ourselves. 5. It breaks faith with the people by taking the money they have honestly paid as revenue and passing it over to individuals. Thus they are pouring into a sieve, or paying into a bottomless till. Was ever a patient and submissive people so played upon by the tricks of the crafty under legal forms?

III. Nothing is more observable in the writings of protectionists than that they shun all close analysis of the inner and real nature of trade. They show a singular unwillingness to begin at the beginning; to lay down general principles and apply individual instances to them; and to go steadily and logically onward through the more intricate parts of the subject. Every one who has listened to campaign orators must be a witness that the tariff-talk of protectionists is, for the most part, a succession of assertions, half truths, irrelevant facts, and illogical deductions. It is a hap-hazard, hop-skip-and-jump argument. This marked deficiency is doing much to bring discredit upon both the dicta and the practice of protection with that thoughtful class who wish to see the conclusion when it is arrived at.

The schoolboy in the geometry class is not the only one who says, "*quod erat demonstrandum*," before he has made his "therefore" apparent.

IV. Many persons who condemn the practice of protection lend their approval to what is termed "incidental protection." It is argued that since direct taxation is not contemplated, a tariff is necessary to secure government revenue. This is correct. It is inferred that it will not be possible to avoid some measure of protection. But the scheme of national taxation in England, already referred to, shows that this is a mistake, and that it is as possible for our Government as the British to derive sufficient revenue, though we should totally abandon protection both in principle and in fact,—both as an essence and as an incident.

Incidental protection is only less harmful than essential protection. If protection is bad, this residue of the system can not be good. To favor it is a confession on the part of free-traders that the real nature of protection is not wrong, but only that its excessive application works mischief. It is difficult to see how any consistent advocate of freedom in trade can favor this hybrid growth called "incidental protection."

V. What is the real significance of reciprocity as it has been practised by us? It is often welcomed by free-traders as being a recognition of their principles. It is frequently advocated by protectionists, though to do so is a confession that their system is at least questionable in theory and in fact.

Treaties of reciprocity appear on the surface to be in the nature of a compromise. They are, in fact, artful schemes of protectionists to satisfy the demands of revenue reformers, and at the same time answer the ends of protec-

tion. Secondly, they are quieting sops thrown to free-traders ; but, primarily, the purpose is either to enable some powerful industry to obtain its raw material without paying an import duty upon it, or else to so reduce the revenue that room may be left for high protection to prevail in those industries which by means of an influential lobby hold the ear of Congress. It is believed that all the propositions of reciprocity which have ever been seriously entertained at Washington, have had one or both of these two things as their real though secret motive. Reciprocity, therefore, while a step toward free trade, is a time-serving artifice favored by protectionists in the interests of their system.

VI. To endeavor to obtain a government monopoly in the form of protective duties, is a confession of weakness and cowardice in any industry. The business that must be supported by the oppression of laboring men or sustained by subsidies forced out of unwilling tax-payers, ought to fail ; and the corporation that has not the ability to succeed with healthy competition, ought not to exist. The Darwinian principle, "the survival of the fittest," ought to apply in the industrial world, whether it be true in the animate world or not.

On July 4 we boast that we have the grandest and most favored land on the planet. The doctrinaires of protection do not appear to think so. They are continually reminding us that other nations have better facilities than our own. It does not seem to have occurred to protectionists that it does not comport with the dignity and independence of Americans to be continual suppliants for charity. Tramps, beggars, and paupers may live upon the unrequited offices of others ; but it should bring the blush of shame to the great industries of the United States to appear before the people and Congress with the pretexts, the arts, and the

importunities of a mendicant. It is one of the anomalies of the age that while all farmers, all laborers, all professional men, and all those engaged in handicrafts are able to support themselves and pay their dues to Government, the wealthy manufacturers are willing and anxious to accept charity from the pockets of their countrymen. While most men delight in meeting and surmounting difficulties, they feel no hesitation in assuming the rôle of paupers. Without even claiming to have rendered a compensating service, they are willing that their industries shall stand upon the pension-rolls of the Government.

VII. An examination of the official records of the Government respecting the receipts at our custom-houses and the expense of maintaining them, reveals some remarkable things.

Charles H. Evans, of Washington, D. C., has prepared *for the Government* an elaborate statistical volume compiled from the official Annual Reports of Commerce and Navigation, entitled, "Imports and Duties: 1867 to 1884." This volume was issued from the Government Printing Office in 1884, and is sent out as a public document under our franking law all over the country. From this book (see pages 573 to 615), the following facts are gleaned:—

At our principal port of entry, New York, the average expense of collecting the import duties during the last ten years was only 2.24 per cent of the amount collected. No one would say that this is out of due proportion. But in 48 per cent of our one hundred and forty-two custom-houses, during a term of ten years ending in 1883, the total receipts were actually less in amount than the expense of collection.

To specify: In 1874 the customs district of Alaska collected \$142.82, at an expense of \$14,149. At Alexandria,

Va., \$13.73 was collected as revenue in 1882, at an expense of \$2,342. At Appalachicola, Fla., in 1874, the receipts were \$4, at a cost of \$4,898. At Beaufort, N. C., in 1878, the total receipts were \$7.62, while the expenses were \$1,393. At Dunkirk, N. Y., in 1883, the total receipts were \$2.50, but the cost of collection was \$3,375.

But this state of affairs is not confined to certain exceptional years. The record is the same when we consider the average of years. During the ten years between 1873 and 1884, the average receipts at Barnstable, Mass., were \$43.10, while the average annual cost of collection was \$7,865. At Nantucket, Mass., average receipts \$18.85; average expenses, \$1,616. At Vicksburg, Miss., average receipts, \$75; average expenses, \$689. At York, Me., receipts, \$3.02; expenses, \$445. At Saco, Me., the total duty received during the ten years was \$56.22, during which time \$9,032 was paid as the cost of collection,—160 times the revenue.

But even this is not the entire record. At the following custom-houses not *a single dollar* has been received in customs during the last ten years, while the revenue posts were steadily maintained at the average annual cost as given: Annapolis, Md., at an average cost of \$2,032 a year; Burlington, N. J., \$296; Eastern District of Maryland, \$3,336; Cherrystone, Va., \$2,996; Little Egg Harbor, N. J., \$3,386; Sag Harbor, N. Y., \$1,426; Southern Oregon, \$2,642.

Several of the customs districts and ports of delivery named above have been established since the enactment of the Morrill Tariff. All of them have been steadily maintained from year to year till the present hour. Not a single one of them, at this writing, has been abolished. Do we not have occasion to remember the trite classical reference, "guarding against Scylla and plunging into

Charybdis"? Do we not at once think of the homely aphorism, "saving at the spigot but wasting at the bung"? Such "penny wisdom and pound foolishness" *might* occur under any tariff. It *has* occurred only under protection. It comes from the supposed necessity of guarding an open coast, not to collect revenue, but to enforce protection.

VIII. For a quarter of a century, protection has been teaching our people, and especially the laborers, that wages can be regulated, and should be regulated, by law. Analyze those doctrines of protection that are intended for wage-earners, and they will resolve themselves into the proposition that legislation can make the rewards of labor high. This is the very teaching upon which communism rests. If our laboring people have accepted this lesson, it is not strange that discontent and riots should follow the falling wages and diminished employment which protection causes. If protection is a true doctrine, the enforced idleness, the poverty, the famine of operatives, is far more than a misfortune. It is a crime and an outrage. What wonder that, accepting this doctrine and smarting under wrongs which they have no power to correct, the employés of protected industries should rise in riot! If Government has the power to regulate their wages, but should refuse to exercise it, or should use it for their oppression, it is not strange that, like Samson, they should push with the strength of a giant to destroy their temple.

In this day when labor is restive and public discontent is emphasizing itself by violent deeds in European countries, — communism in France, socialism in Germany, nihilism in Russia, — the United States should try no hazardous experiments. This is the era of dynamite. Like the nations of Europe we also may find to our horror that even republics are not at an infinite remove from this

dreadful agent of revolution. It is to-day a pertinent inquiry, How far is our fiscal policy responsible for the growing disquietude of our laboring classes, and for the threatening cloud of revolution which already rises, like a man's hand, in our horizon?

IX. One of the surprising features of the talk of protectionists is their boast that their system of taxation has been so far successful that we are now able to export our products largely to foreign countries. They assure us that we are now sending our steel rails to Canada in competition with the English; that we sell our watches in Switzerland in competition with the products of Neuchatel and Geneva; that we are exporting our sewing machines to Europe; that there is a profitable sale of our agricultural implements in South America and Australia; and that we are shipping our cotton fabrics into all ports, and meeting Manchester in her ancient and favorite markets.

Protectionists continue to ring all the changes upon this boast. In point of fact, it is true as to a very few of our industries only. But what does it really mean?

First. It implies that exportation is highly desirable, and that the sufficiency of "the home market" is a delusion and a fallacy. This is the very thing that free-traders have always asserted and the theory of protection has always denied.

Second. It shows that the supreme effort of protectionists is to get an entrance into foreign markets, and yet save protection. In the very nature of things, their effort must fail. This age has never witnessed a more sublime absurdity than the uniform custom of clamoring for protection in political platforms and legislating in Congress to secure it, and yet demanding at the same moment a more enlarged trade with foreign countries.

Third. It necessarily involves the confession that manufacturers are willing to accept from a foreign purchaser a lower price than they will accept from their own countrymen. Nearly all our manufactured exports are selling in the foreign country at a smaller figure than the market price here. Do not the exporters give a slap in the face to the very men whose votes gave them their bonus?

Fourth. It makes the assertion that though the effect of protection is to prevent exports, we are yet surmounting this objection to the system. It says that after a quarter of a century we are beginning to reap the benefits of free trade while we yet carry the burdens of protection. It is a shout of hallelujah because we are now getting what we might have had all these years.

Fifth. The boast is a dangerous boomerang in the hands of the protectionists. Like the arrows of the Parthians, it returns upon their own heads. If it is true that protection has enabled us to export our goods to foreign markets, the system has made itself no longer necessary. It has borne its fruit and is ready to die. Let the fact be established that we can export our finished products to the outlying world, and the chief argumentative defences of protection are gone. Its friends are left naked to their enemies.

X. In these years protection is bearing what we shall hope is its last and maturest fruit,—the forced limitation of production. The steps to this end are plain :—

First. Those selfishly interested in the promotion of a given industry constitute a clamorous and influential congressional lobby in the committee rooms and on the floor, dictating to members the course legislation shall take.

Second. Through log-rolling combination of votes the measure passes, inspired more by this dictation than by the public necessities.

Third. The promise of excessive profits thrills the business into activity all over the country, and labor is called from those pursuits naturally profitable into the one now made artificially so.

Fourth. Production is increased beyond the public demand, but the high prices which prevail prevent exportation to other markets, and our own is congested with products the people will not buy at the inflated prices.

Fifth. Depression follows activity. All revenue is cut off. Prices fall to find markets, and wages are reduced to leave the margin of profits intact.

Sixth. Laborers become restive and go out on strikes. Proprietors order lock-outs or run on short time. The one class combine to resist falling wages by strikes, and the other to prevent falling prices by limiting production.

These are the natural, necessary fruits of a system of favoritism miscalled protection. Over-production is one of the loudest cries of our time; and yet we have the same kind of destitution among the people as though the country were as sterile as Sahara or as bleak as Labrador. With capacities for much larger consumption and with endless desires unsatisfied, millions of people are unable to reach the good things stored up in the bursting storehouses of production.

When the Dutch had control of the Moluccas it was their custom to burn a portion of their spices, so as to control the price in Europe, and thus secure such profits as were satisfactory. We resort to the less wasteful method of holding production in check. By a concerted movement, by trusts and combinations, in all parts of the country, consumption remains unchecked, while production is reduced or has ceased. Thus the plethora is relieved, a scarcity is created, and prices are raised or sustained to the injury of all consumers. The mills start again when it is seen that satisfactory profits can be realized.

Congress exercised the function of limiting importation, but combinations of our own citizens for selfish ends presume to graduate and manipulate production. Manufacturers who were modest enough in the past to ask only the exclusion of foreign goods and the monopoly of our market, have now the boldness to escape from the effects of the system they invoked by a wrong to their countrymen. In one decade they ask the votes of the people to make their business possible; in the next they make a deliberate thrust at the man who deposited the ballot.

Competition can not beat prices so low in any legitimate business as to reduce profits below a reasonable figure. It appears, however, that those so long accustomed to excessive profits are not to be satisfied with a modest gain. It is bad enough for the Government to dictate prices by a protective tariff, but that selfish men should do so by calling a halt in production, is intolerable. It would seem that those things so vital to the welfare of the country as prices, wages, employment, production, and the interests of the consuming millions, are to be manipulated with that ease with which the puppet is made to respond to the commands of the magician, or moves are made with "the titular dignitaries of the chessboard."

XI. The framers of the Constitution "built better than they knew." Not to have said a word in our fundamental law which could give any sanction to protection, and at the same time to have secured absolute free trade throughout all the land,—this shows the profoundest political and economic wisdom. The United States is, in fact, the great free-trade nation of the world—ideal and absolute free trade among thirty-eight States and eleven Territories. Large States, like New York, trade beneficially and freely with small ones, like Connecticut; old ones, like

Massachusetts, with new ones, like Nebraska ; States relying on one industry, like Nevada, with those of diversified occupations, like Ohio ; States pursuing different industries, as Maine and Louisiana ; States pursuing the same industries, as Illinois and Iowa.

The wisdom and benefits of this provision have never been questioned. Even protectionists admire this interstate free trade. In 1884 a prominent presidential candidate, in his letter of acceptance, while praising the protective policy, used this strangely paradoxical language: "In addition to the advantages which the American people enjoy from protection against foreign competition, they enjoy the advantages of absolute free trade over a larger area and with a greater population than any other nation."

Can any one suggest a single truly valid reason why free trade is such a blessing between the States, but such a calamity between the nations? Is there a single plea made in favor of national protection that can not be applied with equal or stronger force in favor of State protection? If the United States suffer loss from the "invasion" of the iron products of England, the furnaces of Missouri suffer loss from the "invasion" of the iron products of Pennsylvania. If America be benefited by the exclusion of silk from France, Connecticut will be benefited by the exclusion of the silk from New Jersey. Illinois should forbid the wheat from Minnesota, and rejoice when the explosion of mill-dust destroys the giant mills at Minneapolis. Iowa should veto the transport of lead ore across the river at Galena. The pine lumber from Michigan "inundates" Indiana, to the stagnation of her business in oak lumber. Colorado should prohibit Kansas corn, lest the raising of grain on fertile prairies should ruin her system of agriculture by means of irrigation. If it is necessary for New England to institute a rigid quarantine against old England, is it not

still more necessary for the "infant" industries of the West to raise a wall against the established industries of the East? If an illustration is needed to show how a fortunately situated nation can prostrate the industries of one less fortunate, there is small occasion to look among foreign countries. No stronger can be adduced than between the States of the Union. But if it is conceded, as all protectionists do concede, that our States have not only met this competition of their neighbors without loss, but have actually grown rich because of it, how small should be our fear of the competition of countries beyond the sea, and how cordially should we welcome their exchanges in order to enrich ourselves!

It has been argued that interstate free trade is beneficial because the States are neighbors, while international free trade is harmful, because the parties are strangers and foreigners. What does this mean? It implies that Maine may trade freely with California, four thousand miles away, but that Detroit must not exchange goods across the river with Windsor, half a mile distant, nor Buffalo across the lake with Toronto. The people of the State of New York may trade freely across the Hudson with their neighbors of New Jersey, but not across the St. Lawrence with the foreigners of Canada.

But the chief and almost the only plea advanced for interstate free trade and international protection, is that in the one case the States are parts of the same government, and in the other case they are different governments. But this is stating a fact, not giving a reason. How can the mere truth that there is a bond of political connection in the one case and none in the other, be a good reason why systems of trade so directly contradictory should prevail in the same government? Does trade have geographical lines? Would it not be just as reasonable to draw lines of dis-

tion upon race, color, language, or religion? The mere accident that Maine and California both send their representatives to Washington can have no relevancy in a purely commercial and economic question like this. If they are benefited by unrestricted trade to-day, they would be benefited no less if the political tie were severed to-morrow. No one has ever tried to give a truly valid reason why free trade with Texas has been a public benefit since its annexation in 1845, but a public calamity while it was yet a part of Mexico. President Grant wished to buy San Domingo in order that we might have the benefits of free trade with it. Has it not occurred to thousands of minds that we might have all these benefits, and yet keep our money? Is the mere fact of political connection such a necessity that we should pay millions to secure open trade with the Black Republic? Why not write a treaty and vote its adoption? It has been seriously proposed that we should pay thirty million dollars for Cuba, in order that we may get its sugar without paying duty upon it. Will some political philosopher at Washington or elsewhere rise and explain how the competition of Cuban sugar will ruin Louisiana until the moment when the deed in fee simple to that island is signed and sealed, but that it would prove a blessing after that little formality?

If international protection be a benefit, so is interstate protection; and the States under the Confederation in setting up custom-houses along their little frontiers were more logical than the States under the Constitution. Consistency would require that we should either abandon national protection or adopt interstate exclusion. When Napoleon subjected half of Western Europe to his sway, he abolished the custom-houses which stood on the frontiers of the States thus conquered. But after Waterloo, when his empire fell apart like a rope of sand, the toll-barriers shot up

again along all the borders of the petty principalities. As parts of a coherent empire, they could afford to reap the benefits of free trade ; but as separate sovereignties, they felt compelled to sacrifice its blessings in order to injure their neighbors, or to hand over gratuities to a few of their citizens. We are no wiser than they.

Having tasted under the Confederation the bitterness of interstate protection, and having verified under the Constitution the benefits of unfettered commerce among ourselves, let us carry our experience to the logical limit of adopting on behalf of the general advantage as large a degree of free trade with all the nations of the earth as the public revenues will permit.

XII. But he that objects to existing institutions may, with the utmost propriety, be called upon to suggest, at least in a general way, something which would be better. Free-traders are ready to meet this demand. The problem of taxation is simple enough in its general principles, but one of the most complicated in its details. It is, however, greatly simplified the moment legislation has decided to abandon the paternal function and the attempt to foster any branch of industry by special enactment.

Free-traders therefore insist, *first*, that protection as a practice shall be discarded, and that all industries be left on that plane where most of them must of necessity stand, that of self-help and independence.

Second. That fiscal legislation shall look, so far as taxation is concerned, solely to the getting of money into the treasury to meet the legitimate expenses of the Government. No dollar shall be exacted for any other purpose.

Third. That the taxes on imports shall be relatively low, both with a view of making the burdens of the people

as light as possible, and also of creating only sufficient revenues.

Fourth. That the tariff-taxes shall be placed upon comparatively a few articles only, so as to disturb the natural range of prices as slightly as possible.

Fifth. That all compound, minimum, and specific duties shall be abolished, and *ad valorem* duties substituted, with the view of divesting the tariff of its complexity and those devices which may afford a convenient shelter for fraud, evasion, and jobbery.

Sixth. That the duty shall be so imposed as to operate with impartiality throughout the Union, discriminating neither in favor of nor against any section or any interest.

Seventh. That the taxes shall be placed upon articles not produced, or not produced to much extent in this country; to the end that all the artificial increase in price which necessarily results from a tariff may pass into the treasury and none of it into private tills.

Eighth. That an excise, or internal tax, be judiciously laid on those articles of domestic production which have received an incidental protection, to the end that they may stand upon an even plane of advantage with all other industries.

Ninth. That the highest duties be levied upon articles of luxury and upon those of the more expensive qualities, and that the lowest duties be laid upon articles of necessity and upon those of coarser and commoner qualities, to the end that both the rich and the poor may be required, so far as is possible, to contribute revenue to the Government in proportion to the benefits which they receive from it, and to their respective abilities.

Tenth. That taxes be so reduced from time to time that no vast surplus shall be allowed to accumulate in the treasury; and that collections shall not long precede disburse-

ments, to the end that the people may be the guardians of their own money, that extravagant appropriations may cease, and that legislative jobbery may be discouraged.

Of course this is radical reform. It is the contrary of protection at every point. Most free-traders do not demand that it shall be adopted with that convulsing suddenness which marked the abolition of protection in England. It is hoped that it may not be necessary in America, as it was in Great Britain, to resort to a fiscal revolution in order to avoid a social one. Perhaps it may not be best to destroy the evils of protection by one radical stroke of legislation. If it shall be made to appear with clearness that a temporizing policy is best for the nation, free-traders demand only that the reform shall be adopted as rapidly as the country can adjust itself to the changed conditions.

It is worthy of remark that the reform as contemplated by free-traders agrees, so far as tariff duties can be made to agree, with the four fundamental maxims of taxation laid down by Adam Smith, and which have become classical. *First*, that all persons should contribute to the support of the Government in proportion to their respective abilities. *Second*, that the amount of the tax should be known, definite, and not arbitrary, incalculable, or changeable. *Third*, that every tax shall be levied in the manner and at the time most convenient for payment. *Fourth*, that the tax shall exceed by as small an amount as possible the sum which actually reaches the treasury. The correctness of these principles has never been disputed. They are, in fact, merely the formulation of universal opinions, as are the Ten Commandments and the Golden Rule.



CHAPTER XX.

PLEAS BEFORE THE COMMITTEE ON WAYS AND MEANS — AN EXTRAVAGANZA.



HE Chairman called the Committee to order, and then instructed the Clerk to read the minutes of the last meeting. He proceeded as follows : —

WASHINGTON, Feb. 20, 188—.

The Committee of the House on Ways and Means met pursuant to adjournment. All the members were present, except Messrs. Favorite, Equity, and Partial.

On motion of Mr. Flood, the committee took up the special order for the evening, being the consideration of House File No. 1,001, — “A Bill for an Act to Revise the Tariff, to Abolish Poverty, and to Promote Universal Wealth.”

The Committee being informed that several gentlemen wished to present pleas on the Bill, it was ordered, on motion of Mr. Subsidy, that they be heard at this sitting.

Mr. Stannvir was then introduced, who spoke as follows : —

Honorable Gentlemen of the Committee : I gratefully appreciate the opportunity accorded me of addressing you at a time when a measure so intimately affecting the welfare of the country is resting in your hands. A national Act for

the effective revision of the tariff, so as to usher in the millennium of individual and universal wealth, is so imperatively demanded, and withal a matter of such difficulty, that it will, doubtless, claim your maturest deliberation.

I am the sole proprietor of a tin mine in the State of Utopia, and I appear before you to make a few representations respecting my industry. My tin mine is the only one in the United States, and it is but just discovered. I am now about developing an infant industry. As the law now stands, tin in the ore, in bars, in blocks, in grains, and in pigs, is imported free of duty from Cornwall, Banca, Malacca, and Australia. The result is that the metal is ruinously low in price, and it is utterly impossible that I should compete with the old and well-established mines of Wales. They are now flooding this country with their foreign products to the extent of \$16,000,000 a year.

It is the true policy to protect every one of our industries from destructive foreign competition, and especially infant ones as mine. My mine is not rich either in the quality or in the quantity of its ores. It is also far inland, difficult of access, and continually flooded with water. As a result, while the English tin is sold to-day in our markets at eight cents a pound, my product can not be put on sale at less than ninety-four cents a pound. I therefore ask that an import tax of eighty-six cents be placed on the foreign article. This will enable me to compete on terms of perfect equality. America can not afford to be dependent upon our ancient enemy for an article of such prime necessity as tin.

If my petition be objected to on the ground that it would have the effect to raise the price of tin to all purchasers more than one thousand per cent, it might be replied that in addition to the development of our "inexhaustible mountains," I shall give employment to more than a dozen

pack-mules, and a score of men, who are now engaged in the overdone business of raising wheat and corn. Besides this, the growth of my business will give a stimulus to the manufacture of engines, pick-axes, and blasting-powder. A village will grow up about the base of the mountain where all is now a wilderness. This will afford a market at home for all the wheat, corn, and live stock which the farmers of the valley can produce on their rocky and irrigated fields. Without this, their products would be nearly worthless. It is plainly to the interest of the country to encourage my industry. The increased cost of tin is a mere bagatelle in comparison with the public advantage.

If there is any gentleman of the Committee who might be led to oppose the granting of my prayer on the ground that the protection asked for would give me excessive profits, I beg him to remember two facts: First, that even if this should be the case "the money will remain in the country," and thus the aggregate wealth will not be changed. Second, that, in fact, I will not be enriched at all. The tax no more than represents the disadvantages attending my undeveloped infant industry. It simply places me on the same level of advantage that is enjoyed by the designing foreigners who are flooding our markets.

As before remarked, the consumption of tin in this country is about \$16,000,000 annually. If my industry shall meet with proper encouragement, I expect to be able to displace three-fourths of this importation by my own products. The market value of the tin of annual consumption will then amount to \$188,000,000, which would be a gain of \$172,000,000 yearly in the national wealth. An industry which can present such figures as these may well claim to be of national importance.

Trusting that you will find my appeal to be in the line of the public benefit, I thank you.

Thereupon Mr. Pinxit, of Chromopolis, was introduced, who said : —

Gentlemen : I come to address your honorable body in behalf of an ancient industry. I am a portrait painter, and I represent the Cosmic Art Society.

Painting as a fine art was a well-developed industry more than two thousand years ago. It is not an infant. But we are to-day subjected to an intolerable competition from the prevalence of an upstart device, known as photography. By pressing into service the light of the sun and the laws of optics, and facts known in chemistry — in a word, by some hocus-pocus — certain designing men have been able to produce superior portraits at prices so ruinously low that the very existence of our industry, like that of Demetrius the silversmith, is endangered. You will perceive that it is impossible for us to compete when these laws of Nature are forced into harness to work against us.

We therefore ask that you will recommend to Congress that a duty of one thousand per cent be levied upon all cameras, lenses, and chemicals imported for use in the new and hateful business known as photography; and that a stamp duty of \$10 be placed upon each sun-made portrait. These measures will so raise the cost of producing these now cheap goods, that our venerable industry will have scope to breathe again.

When Benjamin West was painting portraits a century ago, the country was small and poor; but now, through the influence of our industry, the nation has become the mightiest on earth. We think that, pointing to such a record, we may with modesty demand the ear of Congress.

There are at least fifteen million people in the United States who need portraits. All this business was once ours; and if prices can be sufficiently raised, it will be ours again. We invoke the aid of legislation against an

upstart business, which has raised the absurd claim of being art.

Mr. Hortiman, being then introduced, addressed the Committee as follows :—

Gentlemen of the Committee : I am a gardener engaged in supplying fruits and vegetables to the markets of Philadelphia. My farm is on the Delaware, ten miles above the city. I represent twenty gardeners in my vicinity.

Our business is now in a very depressed condition by reason of the ruinous competition to which we are subjected. Early in the season, by the expensive use of hot-houses and other modern appliances, we would be able to sell the products of our gardens at fair profits, but for the fact that the railroads import early vegetables from Richmond, Charleston, and Savannah, where the sun does the work of our hot-beds. This competition of the southern gardeners in our domestic market is prostrating to us, especially when ships and railroads are in collusion with them to effect the destruction of our industry. The prices of our goods are ruinously low at a time when we should be realizing a handsome profit. The foreign cabbages sell at 5 cents, while we find it impossible so early in the season to produce them for less than 50 cents ; asparagus, which costs us 70 cents a bunch, retails at 10 ; early beets, which cost us 60 cents a bunch, sell for 8 ; and strawberries, on which we would lose money at \$1.00 a quart, are abundant at 15 cents.

This foreign invasion continues with fresh arrivals every morning, until the middle of the season, when we are left in the possession of a market so reduced in price as to afford us nothing more than a reasonable reward for our labor and capital. Near the latter end of the season, when we might expect better prices to prevail, the same grades

of fruits and vegetables begin to pour in upon our market in a prostrating flood from New York, Albany, and Montreal, so that the end of the season is even worse than the beginning.

Now we can not compete with the sun. Foreigners have the advantage over us, and they are apparently determined to crush out our industry. We, therefore, ask of you in the revision of the tariff now pending to place for the encouragement of our industry a tax of seven hundred per cent upon all fruits and vegetables imported into Pennsylvania. We shall then be able to reap the profits to which our importance as metropolitan gardeners entitle us.

We are aware that the objection may arise that Congress has no power to protect the industries of one State against those of another State. This is a mere technicality. Protection is wise in principle, and you should have the bravery to carry it out to its logical end. The early vegetables of Virginia and the Carolinas are a thousand times as hateful and injurious to us as the fruits of Mexico, Panama, and South America. Tropical lands can not harm us; but the competition of our own countrymen is intolerable.

We hope you will not be misled by the sophistries of free-traders, who may represent that the one million people in the city of Philadelphia will be wronged by the rise in prices which would result from the imposition of the tax which we ask. The facts are all the other way. *First*, since prices will be higher, the increment will be an addition to the wealth of the city. *Second*, since the outlying cities are excluded, the money will remain at home. *Third*, a much larger amount of money will move in our vegetable market than now does, which, overflowing into other branches of business, will give activity to all. *Fourth*, the extreme difficulty of raising vegetables by hot-house culture will make a demand for labor, and we shall give

profitable employment to two or three hundred men who are now no better employed than in mining coal, cutting lumber, or even operating railroads and ships which bring the odious southern products to our markets.

Besides these considerations, it may be said that all patriotic people will cheerfully submit, and esteem it a privilege to pay eight times the natural price of their vegetables, when they know that by so doing they are maintaining home enterprise and developing domestic resources.

Relying upon the inherent justness of our appeal, I wish you good-night.

Mr. Theacult then came forward and said : —

Gentlemen, I am the proprietor of a tea plantation in Tennessee.

Heretofore China and Japan have had a monopoly in the tea trade of the world. America has been dependent upon these heathen celestials. Such dependence is repugnant to our theories of government ; and we can not preserve our national respect so long as we tamely submit to a foreign monopoly.

With a view of conferring a benefit upon my country by enabling us to throw off this foreign dependence, I visited China two years ago. I studied carefully the climate, chemically analyzed the soil, and observed the nature of the tea plant and the manner of its cultivation there. I am now able to announce that on my plantation on the mountain sides of east Tennessee, by the use of certain chemical fertilizers, and by the distribution of hot-air reservoirs and fountains of water at proper intervals over my farm, I have so closely imitated the soil and climate of China, that tea may henceforth be called an American production.

But on account of the pauper labor of China, the foreign article may be laid down in our markets at fifty cents a

pound, while in consequence of the higher price of labor and the expensive machinery necessary for the creation of suitable climatic conditions, together with the natural precariousness of the industry in this country, tea can not be produced in Tennessee for less than \$50.00 a pound. I therefore petition that a specific tax of \$49.50 per pound be laid on foreign tea which may be imported. You will readily see that it is quite impossible for me to compete with the pauper and heathen goods which flood our markets.

The granting of my petition will result in great advantage to the working men of the country, since I can pay them better wages than I can possibly pay now. If the public welfare should demand it, I can import a ship-load of native and experienced laborers direct from the tea-farms of China. A pauper laborer can not breathe in America. Thus I shall do my part in promoting that diversity of occupation upon which our prosperity is based.

I agree with you that the producer is the man who should have the attention of legislation. He adds to the national wealth. The exchanger is an enemy of his country, since he imports the competing products, and thus does his utmost to prostrate our domestic industries. The consumer is not worthy of attention. His sole function is to destroy what others have produced. Do not be solicitous for the tea-drinkers. They will never see the tax. Even if they do, they will not care for "a cheap tea-table," if they can but help along a new industry. They will approve of any policy which liberates us from commercial dependence upon the pagan Mongolians.

You will perceive that it is imperatively demanded that the price of tea be raised to fifty dollars a pound, since $\frac{1}{100}$ of its cost represents the labor and the difficulty which are necessary to overcome the climatic disadvantages here, but

which in China are free gifts of nature. A large amount of labor will thus be created, which is one of the good aims of the protective system. It is also the very business of protection to overcome this natural disadvantage by requiring consumers to place producers upon the same level of advantage as is enjoyed by the foreigner.

Under your fostering care tea culture will soon become a flourishing industry on the mountain sides of Tennessee, and prosperity will smile where is now a howling wilderness.

Mr. Lucifact, a capitalist of Minnesota, of the firm of Lucifact, Thermogen, & Co., was then introduced, who enlisted close attention to the following plea:—

Gentlemen: The Bill upon which you are now sitting is one of vital importance to the country; and I come to speak of a matter in which the entire people is interested.

That distinguished philosopher, Dean Swift, suggested in his day that it would be an economy of national importance if some cheap method could be discovered of extracting sunbeams from cucumbers. It is, as you are aware, a scientific fact that large amounts of light and heat are stored up in this vegetable during the summer. The problem is so to extract and utilize these forces that they may be made to minister to the health and comfort of our people in the winter and during the night.

It was reserved for this decade to witness the solution of this great problem. It is with some feelings of triumph and of congratulation toward the country that I am now able to announce that, aided by the present advanced state of science, I have invented and constructed machinery which will accomplish this great desideratum.

A giant stock company has been formed at St. Paul for the prosecution of the enterprise. The work is being

pushed with the utmost vigor. The buildings will cover an area of 120 acres, and cost \$17,000,000. In addition to this, the company owns 10,000,000 acres of fine garden lands on the Rio Grande, in Texas. This is now being put in cultivation for the reception of our mammoth crop of cucumbers next season. Thus, as a true policy and economy would dictate, we shall produce the cucumbers where we shall have the benefits of cheap tropical heat and light, and shall extract their desirable qualities at a point in the northern latitudes where they will be greatly needed during ten months of the year.

It will thus be seen that our enterprise, from the very start, will give employment to a large number of laborers, both skilled and unskilled, in the erection of our buildings and the cultivation of our land. Thousands of brick-makers, stone-masons, carpenters, many saw-mills, plow factories, and hardware manufactories, will feel the stimulus created by our great enterprise.

The \$150,000,000 we shall spend on our plant, will be so much added to the national wealth, and will contribute largely to the national prosperity. When we shall be able to start our factories, the transportation of the thousands of train-loads and ship-loads of cucumbers from Texas to St. Paul, will give employment to several thousand men. Our entire pay-rolls will, as we estimate, contain the names of 200,000 employés, and our monthly disbursements of wages will amount to about \$5,000,000.

Besides all this, our industry will soon give such a stimulus to activities of all other kinds, that the population of St. Paul will soon reach 1,000,000, which urban population will afford a home market for all the wheat which the farms of Minnesota can produce and the mills of Minneapolis grind. This will save the ruinous waste of transportation to the Liverpool market. You will thus see that our indus-

try is one of large proportions and may justly ask recognition from the Government.

But if this were the whole truth, there would be no occasion that we should appear before you. We are subjected to the powerful competition of a foreign rival, who inundates this country with his cheap light and heat, and threatens to render our products nearly valueless, and thus to prostrate our infant industry by his intolerable rivalry. This competitor is the *sun*. Without legislative help, we shall be utterly ruined. His products are poured into America in such floods that the whole land is inundated by his light and warmed by his heat. But what is still worse, is the fact that this foreign light and heat are so cheap as to be perfectly paralyzing to our enterprise. In truth, these products of the sun are a pure gratuity to the American people. He has such hostile designs against us, that cheapness has been "put to the limit."

But, gentlemen, this furnishes the ground for our strongest argument. You wisely protect steel rails when one third of the price is a gratuity from England to our people, and you tell them they shall not receive the gift. You wisely forbid foreign sugar, in which 50 per cent is a gratuity which the sun has conferred upon Cuba. You forbid tea, in which 94 per cent is a gratuity which the sun confers upon China. You forbid coffee, in which 99 per cent is a gratuity conferred by the sun upon Brazil. You are not logical if you stop short of the limit, and refuse to forbid the entrance of this foreign light and heat when 100 per cent of it is a gratuity from the sun.

If you check the importation of woollen fabrics, iron products, and other foreign manufactures because they are to some extent in the nature of a gratuitous gift, and, in fact, in the very proportion as their price approaches zero, how inconsistent it would be to permit the sun to flood and

inundate the land with his products, whose price during the whole day and for every day is not only near zero, but *at* zero ! According to our system of political economy, the less the amount of the foreign gratuity the more able are our domestic industries to take care of themselves ; and the greater the gratuity, the more is there a necessity for government aid.

It is true that this odious foreign rival does not at all times harass us with his presence. During each night we might hope that there would be a demand for our products. But at these times we are obliged to encounter other competitors, such as gas companies, the Standard Oil Company, and that latest and most hateful of devices, the electric light. Nay, mother earth herself is in league against us. She belches forth her natural gas, millions of cubic feet, day and night. You will not think it strange that we should demand from you and from Congress that protection which is the birthright of every American citizen.

In the matter of heat, we have a rival only less powerful than the sun in coal mines, forests, and peat-beds. From present indications it appears that our highly valuable industry will be reduced to complete stagnation before it has been six months in operation. Our petition, therefore, is that you will enact that a tax of \$20 be placed upon every window kept without blinds, that you rebuke the earth for her spontaneous outbursts, and that you proclaim a solemn interdict against the sun, as King Canute, of England, did against the tide of the ocean.

Further, we demand that in arranging the schedule of duties in the new Bill for the Promotion of Universal Wealth, that you insert a provision for a tax of 1500 per cent *ad valorem* and \$8,000 specific upon the products of all gas companies, oil companies, electric-light companies, coal mines, and peat-beds, to the end that our *promising*

industry may feel the fostering hand of legislation. With all seriousness we put to you this alternative: Will you prefer that the nation shall have its industries prostrated by a gratuitous production and consumption of light and heat; or will you choose that it shall feel in all its avenues of activity the stimulus of laborious production?

Several other gentlemen were present and desired an audience. The Committee is informed that one of the parties desires a little temporary encouragement for his new industry of breeding seals on the Staked Plain in New Mexico. Another would present a plea for a tax on the pauper ostrich feathers from the Sahara Desert, in order to foster his ostrich farm in the Everglades of Florida. Another would ask for protection from Cuban fruits in aid of his orange groves on the inexhaustible prairies of Dakota. Another would ask aid in his infant enterprise in Alaska — the manufacture of nectar by the distillation of the Aurora Borealis.

On motion of Mr. Audiphil the Committee adjourned to meet at the usual hour on February 25th to hear the additional pleas.

SWING A. GAVEL, *Chairman.*
A. STEELE PENN, *Secretary.*





CHAPTER XXI.

THE MORAL ASPECTS OF THE ISSUE.



ECONOMIC considerations are not the only ones involved in the controversy between protectionists and free-traders. The question has a strong moral complexion.

Forty years ago, in England, John Bright and Richard Cobden showed that protection was not only a financial blight, but also a moral iniquity. For years their words were unheard; but when the Irish famine precipitated the issue upon Parliament, the conscience of the nation rose to the occasion and demanded the abolition of the Corn Laws and the entire protective system. The moral discernment of men is usually clearer than their economic. An outrage against virtue or justice stirs the blood and rouses indignation; but men submit tamely to an erroneous financial policy, "more disposed to suffer while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed." When in 1863 Mr. Bright pleaded against English intervention in American affairs on the ground that it would be wicked, selfish, and unjust, he carried the conscience of England with him. When Gladstone opposed the foreign policy of Beaconsfield on moral grounds, as unchristian and dishonorable, his sentiments

swept England like a cyclone. So will it be in America. When our people shall see with clearness that protection is an evil morally as well as financially, the system will totter to its fall.

That it can not be defended on moral grounds, follows from much that has been said in the preceding pages. In fact, many of the arguments against protection derive their chief force from the fact that it violates the ethical principle implanted in every breast. All people see that no man's rights can be based on another man's injury. If the indictment of protection in the preceding pages is a good one, it is impossible to make the ethics of the system harmonize with that correct adage of the fathers, "equal and exact justice to all, but special privileges to none." It promises large rewards to labor, which it has never been able to confer. It designedly compels one set of men to contribute of their earnings for the benefit of another class. It confessedly levies upon the strongest industries to coddle the weak and sickly. It exacts tribute from the masses for the benefit of a few. If one industry is unprofitable, protection cancels its losses by forced contributions upon those of sturdier growth. If it *is* profitable, the encouragement received becomes an unnecessary bounty, a subsidy, a gratuity. If, as protectionists assert, their system benefits an unprotected industry as much as it taxes it, then protection becomes an absurdity, since the benefits and the burdens resolve themselves into mutual cancellations, and we are supporting an expensive system with zero for a result. If it be not true, and if benefits and burdens are not equally distributed, we are supporting a system which we know to be partial and unjust. It puts a premium upon false valuation of goods when passing the custom-house. It encourages the breaking of the law, especially against smuggling. Though the system is not answerable for all dishonesty, it

is fair to say that it gives great encouragement to adulteration and other dishonest features in manufactures. Its ethics resolves itself into the idea that our consuming millions are the proper objects to be plundered, if it can be done under the forms and sanction of the law. It has become one of the tricks of statecraft to make a levy upon the innocent and the unsuspecting without their knowledge, and then divide it among the cunning and the audacious. No good man will take pleasure in the growth of great fortunes, if they result from the legal oppression of the poor. Wealth will prove a curse instead of a blessing, if it should deepen the chasm which already separates capital and labor, or if it should make the rich richer, and the poor poorer.

The basis of protection is selfishness. It says in effect, "Let every nation look out for itself, and may ruin take the rearmost." It confesses that its purpose is to benefit ourselves by injuring every other people. If its tenets are true, its success must inflict unmerited disaster upon foreign nations. This, of itself, removes the doctrine from the realm of broad and liberal principles, and should be sufficient to condemn it in the minds of all lovers of their race.

To particularize: In order to make the silk industry flourish in our country we do all that legislation can do to destroy the silk factories of France, and to throw the French operatives out of employment, by cutting off all we can of their foreign market. After having crippled this foreign industry for twenty years and meantime mulcted ourselves many millions, we succeed in acclimating the silk industry, at least so far as to make it exist in New Jersey and Connecticut. We have the further satisfaction of seeing a few starved Frenchmen, whom our folly has driven out of Lyons, come across in the steerage to work in our silk mills at Paterson. Forthwith we congratulate ourselves that we no longer pay tribute to foreigners. Economic

science condemns such a system as unwise: humanity condemns it as cruel and selfish. Even the Samaritan was neighbor to him who fell among the thieves; and foreigners are as much our fellow-men as our countrymen. That must be either a very blind or else a very wicked teaching which implies that we have no moral obligations to fellow-beings on other continents. No good man can take delight in suffering, or look with the indifference of a Stoic upon poverty or disaster in any part of the world.

An impression prevails widely in Europe that our rates of duty on most articles produced there are so high as to be oppressive, and to violate that comity which should characterize commercial intercourse between friendly nations. The opinion is deepening there that we have no moral right to lay such duties as will drive Europe from our markets. The determination, therefore, is taking form on that side of the Atlantic, to evade, nullify, and defeat our purpose. Thus protection sets each nation against all the others in an attitude of commercial hostility, if not of armed conflict.

Protection is the father of international retaliation. We discriminate against European products: the nations there strike back by excluding our exports. Like peevish children, we play across the Atlantic the narrow and short-sighted game of tit-for-tat. The French legislate against our cheap bread; and we legislate against their cheap silks and laces. The Germans forbid the entrance of our cheap meats; and we forbid their cheap cloths. We reject the products peculiar to Great Britain, though that island buys of our cereals five times as much as all New England. With one breath we demand the destruction of the Chinese walls erected by European parliaments, while, with the next, we advocate the placing of another layer of stone upon the one constructed by our own Congress. Thus under

the teachings of the abominable gospel of ill-will and retaliation, the nations go on to their common injury.

Was the world built upon a fallacy? Is the constitution of Nature based upon a mistake? Does commercial intercourse have no settled principles, and no better lamp to guide it than the dicta of empiricism? No. Conflicts arise because men war against Nature. International retaliations exist because the commercial policies of nations are not in harmony with the inexorable trend of the universe. Some day it will be seen that we are citizens of the world as well as citizens of a republic; that even the love of country is not so large a grace as the love of mankind; that the patriot is a man of smaller stature and girth than the cosmopolitan; that all policies are unwise and hateful which war against the blessed religion of good-will and fraternity. The prevalence of such conceptions will teach the race the lesson of interdependence, will bind all nations into a unity and harmony of interests, and open the door for the glories of that millennium,

“Till the war-drum throb’d no longer,
And the battle-flags were furl’d
In the Parliament of man,
The Federation of the world.”





CHAPTER XXII.

CONCLUSION. — THE OUTCOME.

TO use the vernacular of the courts, "Here we rest our cause." The preceding is not the whole truth. Much more might be said which would be equally as pertinent as anything that has gone before. Like every other good cause, the argumentative defence of freedom of trade is really stronger than any man has ever put into words.

What is to be the outcome? Is so-called protection to be our final policy? Is restriction and embarrassment of trade to be the mature fruit of our civilization? Is it the ultimate good? A century ago the nose of the protective camel was modestly thrust into our national tent. But for the last twenty-five years he has been bodily within, a welcome guest; and it has really become a vital question, and is soon apparently to be the dominant one, whether he shall be allowed to become a permanent tenant.

Sir Robert Peel used to define agitation as "the marshalling of the conscience of a nation to mould its laws." With us to-day there is a public ferment. For the first time in a generation, the public attention is directed to the economical relation of taxation and industry. A busy people have too far trusted affairs to Congress, and have yielded a too unquestioning obedience to the laws. But

now there is a widespread conviction that there is a radical wrong somewhere. It is even seen by a great and controlling political party assembled in national convention, that "the inequalities of the tariff" call for adjustment. The people see that we are cutting ourselves off from the good products and the profitable trade of other nations, both in importables and exportables; that the burdens of taxation are unequal and in many cases unjust; that we have made greater progress as a people in eras of low tariff, than we have in those of high; and that we are prosperous to-day only because the nation which possesses industry, frugality, virtue, and intelligence can not long remain poor; as the people who lack these qualities can not long remain rich. Our laboring population have witnessed falling wages and diminishing employment with a descending scale of comforts; they have been mulcted to sustain mendicant industries, which throng the lobbies of Congress, as beggars swarmed in "the gate of the Temple which is called Beautiful." They see that there has been a rapid increase in the number of our millionnaires and paupers, till between the classes of society there stretches a chasm as impassable as that gulf which separated Dives in hell and Lazarus in Abraham's bosom. Our protected classes themselves are seeing that they are pressed by the keenest competition in the home market, while they are utterly unable even to enter, much less control, the foreign one; that loaded down with antecedent taxes on material, they are forced into diminished production and lower profits, and that nearly all those industries upon which legislation has conferred the largest favors, are in a condition of depression, and often of panic and threatened collapse. When it shall be clearly seen, as it will be, that our fiscal system is chiefly responsible for this condition of affairs, the end of protection can not be distant.

Protection is an agreeable word. It suggests safety. It appeals strongly to the unthinking. It was once the winning word. It is so no longer. When public scrutiny is once seriously directed to it, it will go down like the baffled Sphinx, or fall off from the body politic like the Old Man of the Sea in the Arabian Nights. If its propagandists were right in their reasonings, the system would indeed accomplish all that its honest advocates could desire. If it could obtain revenue and yet exclude imports; if it could build up some industries without pulling down others; if it could so aid a needy industry that it would some time sustain itself without government charity; if it could increase the price of domestic products, without increasing the cost of production; if it could enable men to pay high wages in what they confess to be a losing business; if it could please everybody while it continued to benefit a few at the expense of the masses, — then protection would have prospects of long life. But in mechanism every machine will fail that is not constructed in harmony with Nature. So all the financial devices of man must end in disaster, if out of parallelism with the divine unity of the creation. Being an attempt to repeal or to counteract natural laws, protection has within itself the growing germs of death. Statesmen have not been greatly successful in their attempts to amend the laws or deflect the trend of the universe.

Protection becomes more and more harmful each year. If as a nation we practised isolation, like the Chinese, if we were non-progressive, like the Turks, it could not be so disastrous to us. But the more the inventive genius of man opens the way for international intercourse, the more does protection become a harmful anomaly and contradiction. Every year the increasing means of communication welds the nations together in mutual dependence. The telegraph, like Puck, the fairy servant of Oberon, puts

a girdle around the earth in forty minutes. The cotton manufacturer of Manchester telegraphs to Mobile both his orders for a thousand bales of cotton and the money to pay for them. "France orders by telegraph millions of cocoons from China, and ships them from Canton by railway across this continent to Lyons." With every step of progress the more impossible does it become to shield a nation against competition, and the greater would be the loss if such a thing could be done. Thus does protection, with real burdens and unsubstantial benefits, plant itself squarely in the path of progress, and become more calamitous as we approach an ideal civilization. The Greek philosophers amused themselves with ellipses, parabolas, and hyperbolas; but Kepler and Newton showed the utility of these curves in the celestial mechanism. So, Plato speculated about the Ideal Republic; but we, far west of Atlantis, are trying to work it out into realization. Our theory of taxation is not among the minor things which stand as a barrier in our path. It no more resembles an ideal fiscal system than the schoolboy's snow-man resembles the Apollo Belvidere, or a five-cent chromo the Transfiguration of Raphael. So long as we continue narrowly to legislate in the interests of a few, we never can realize that lofty conception of Lincoln at Gettysburg, — "government of the people, by the people, and for the people."

When will reform come? In completing his "Wealth of Nations," Adam Smith expressed the opinion that freedom of trade could no more prevail in England than Utopia could be set up there, because of the opposition of strong vested interests. He was mistaken. Revenue reform will come to us also, and probably much sooner than most people would predict. "The people of the United States in respect to most public matters attend but one school, and that is the school of experience. This

school is now open. Instruction has begun, and heavy penalties for failure to learn are being inflicted." We are slowly learning that such a development as we believe to be our destiny is utterly incompatible with a high tariff shaped for protective purposes. The log-rolling of interests and the clamors of "vested rights" are losing their power, and they will probably not be able much longer either to coerce or to mystify public sentiment into the enactment of laws disastrous to men and the nation.

Protection is at war with progress. The very forces of Nature are in league with the reform. "The stars in their courses fought against Sisera;" so the instincts of human nature and the unrepeatable laws of wealth and trade fight against protection. To use an epigram of Emerson, free-traders "have hitched their wagon to a star." Every great invention, every strait tunnelled, every canal which cuts an isthmus, every newspaper filled with the events of the day, every college and public school, every sermon which asserts the fraternity of men and the fatherhood of God,—all these are bringing reform nearer. Restriction belongs to the past; and it is as much out of harmony with the improved methods of to-day, as the sickle and the flail are in husbandry, the pillion in travel, or the foot-runner in conveying intelligence. The spirit of freedom protests against it, as it did against the Stamp Act and the divine right of kings; as it did against religious intolerance and the Inquisition; as it did against a muzzled press before the days of John Peter Zenger; as it did against negro slavery before Lincoln struck off the shackles by the Great Proclamation. "The manifest destiny" of the United States is an unrestricted trade with all the world. Our country is to-day far grander in most respects than Plato dreamed of in his Republic, or More imagined in his Utopia; but it will never attain its ideal development till industrial eman-

cipation shall follow the servile emancipation of 1863, and the political emancipation of 1776.

Neither men nor parties can successfully stand in the breach. The flood of events is already sweeping aside all opposing forces. In 1860 one great and dominant party went into political exile because it opposed the freedom of man : in 1884 another party of great deeds and honorable history went into the baptism of defeat because it opposed freedom of trade. Thus were the public intelligence and conscience emphasizing their verdict against the policies of statecraft.

Freedom is the vital breath of real prosperity. A free ballot makes strong and happy States. Free speech makes intelligent and patriotic citizens. Freedom in worship makes zealous and spiritual churches. Freedom in trade will make wealthy and prosperous nations. "Free trade is only one of the many forms of unrestricted human action which poets, philosophers, and the common people worship under the name of liberty." That in all the centuries freedom has been slain under the plea of public advantage or necessity, has been a sad tragedy of the ages.

The great struggles of history have been to secure larger liberty. The battle for commercial freedom in the United States remains to be fought. The vanguard waging this contest is now becoming a mighty host. Agitation stirs and educates the age. In the march of public opinion backward steps are seldom taken. An abuse once corrected disappears from history. When favoring conditions conspire, economic and moral reforms spring forth into vitality, like a grain of wheat which has slept for three thousand years in the linen shroud of a mummy. Right comes forth because of the very excess of wrong, and the public interest, when once aroused, does not easily relapse into apathy.

Dominant political parties may not indeed lend their approval to reform, because parties and sects laden with the burden of securing their own success can not afford to risk progressive ideas. The rancorous partisan is the typical coward of the age. The man who deliberately closes his eyes to the necessity of industrial emancipation, and who, seeing the wrong of commercial thralldom, does not resent this outrage upon popular rights, is a fit subject for an Oriental despot. The man who cowers under the lash of party and dare not raise his voice or drop his ballot in protest against a public wrong, is unworthy the exercise of citizenship in the Great Republic. But the agitators and the independent citizens who stand on the solid ground of conviction, the slaves of no party, wedded to no candidate, with no object but truth and the betterment of men, can open the issue to public gaze and let the light shine in.

Reforms usually pass through the three stages of ridicule, argument, and adoption. A truth is suspected ; it is announced ; it is embraced by a few ; it is advocated by a minority ; the minority grows into a majority ; the majority pushes it forward to adoption. Truth is a constantly rising tide. It is inherently mighty. It does not go with bowed head and apologetic mien, but steps like a conquering Caesar on the day of his triumph. It invites criticism and challenges contradiction. Though it may be in temporary eclipse, all the powers of the universe are pledged to its support and final supremacy.

Jefferson was right in saying that error is not finally dangerous, if truth be left unfettered to combat it. The popular conscience is the Medea's cauldron which brings forth all things new. In that red-hot crucible all error, though obstinate and honored by time, is finally driven into vapor, and the pure gold of right and truth remains to men. With entire faith in the ultimate triumph of all right, let the

lovers of the millions continue to work while they wait, till the rising tide of public intelligence and the blessings of that Omnipotence which in all ages has so visibly energized every noble cause, shall cast down error and bring the truth to victory.





